



Economic Development Analysis

Town of Danville

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EXECUTIVE SUMMARY

Introduction to the Study

The Town of Danville commissioned BW Research Partnership, Inc. (BW Research) to assist the Town in the development of a Comprehensive Economic Development Analysis. The research was delineated into two phases. The first phase provided an economic, workforce, and demographic profile of the Town and the surrounding region based on the research that has been compiled from public and private sources¹ as well as findings from other relevant studies completed in the region.

The second phase of the research provided an assessment of Danville's employers based on direct feedback from the business community. These two phases provided a comprehensive and current perspective of where Danville's economy is today and the attitudes and priorities of its business community members.

The report provides an analysis of Danville's economic development opportunities, challenges and indicators to consider moving forward. Ultimately the comprehensive economic development analysis was developed to provide the foundation for informed decision making regarding economic vitality in the Town of Danville.

Organization of the Report

This report has been organized into four sections;

- The **executive summary** includes an introduction to the study, a summary of key findings from both phases of research and an overview description of the project conclusions and recommendations.
- The second section of the report is a description of what was learned in the **first phase of research**, an economic analysis of Danville and its connectivity to the greater region.
- The third section of the report describes the results of the **business community survey** and provides valuable feedback from Danville's businesses regarding their expectations for the future and their priorities for economic development.
- The final substantive component of the report combines the findings from both phases of research to provide an assessment of Danville's economic strengths and weaknesses and the **conclusions and recommendations** that came out of the project.

¹ Public sources include California's Economic Development Department, United States Bureau of Labor Statistics, and Census. Private sources include Economic Modeling Specialists Inc. (EMSI), Econovue, and InfoUSA.



KEY FINDINGS: PHASE 1

The following key findings were taken from the first phase of research and provide a comprehensive description of Danville's economy. The first phase of research is important for providing a broad understanding of Danville's economy, how it has been impacted by recent economic changes, and its relationship to surrounding areas.

Introduction to Danville Economy

Danville can be viewed as the idyllic small-town economy, it has a total population of just over 42,000 with an unemployment rate below four percent for its residents that are working or looking for work, less than half the state average. The Town's economy is largely built around the community's **high quality of life**, providing goods and services to the **generally affluent and highly educated residents that live in Danville**, and the preponderance of **small businesses that are located within its boundaries**. Danville businesses employ approximately 24,000 people, and about 23,000 Danville residents are currently working, however less than a third of Danville's working residents are employed in the Town, either in their home or at a business within the Town's boundaries.

Danville's Small Business Community

Danville's business environment can be characterized as a diverse and vibrant small business community with a few larger employers in retail, healthcare, real estate, banking and related services. Danville's business community is almost entirely made up of small businesses, 19 out of 20 businesses located in Danville have fewer than 25 employees, and most have fewer than 10 employees.

Danville's Consultant Economy

One of the strengths of Danville's small business community is the relatively large number of consultants based in the Town. Danville's consultant employment is largely found among the small businesses in finance and wealth management as well as professional and technical services. The consultant based economy in Danville is important to the Town's local economy for several reasons;

1. It connects Danville's resident workforce, those individual's that live in Danville and are part of the regional workforce, with employment opportunities in Danville.
2. The industries where most of the consultant based economy is found in Danville, such as finance and wealth management as well as professional, scientific and technical services have remained relatively strong through most of the economic downturn and are poised to continue growing into the future.
3. These businesses serve as the customer base for the Town's restaurants and retail establishments that are responsible for the majority of Danville's sales tax revenue.

Ultimately, the consultant based economy in Danville should continue to thrive because it builds upon the Town's economic strengths, its educated and entrepreneurial residents, opportunities for small and emerging businesses and the high quality of life found in Danville.



Danville's Brick & Mortar Economy

Danville's brick and mortar retail and restaurant establishments are an important segment of the business community. These businesses include apparel stores, department stores, florists and full-service restaurants. The retail and restaurant establishments in Danville are important to the Town's local economy because they make up almost one in every five jobs in the Town and more importantly account for almost two out of every three sales tax dollars brought into Danville.

Danville's Industry Clusters

An assessment of local industry clusters is a central component in any local economic development analysis. It provides information on what is distinct about the business community, particularly in comparison to the regional economy, the opportunities that are available for the resident workforce and gives a more accurate perspective on how local businesses see themselves and the industries they are connected to. This analysis also provides a better understanding of an economy's customer base, whether it is largely local or comes from outside the town. Industry clusters were developed based on those industries that are likely to share or have similar customers, workforce needs, supply chains, and infrastructure requirements.

The assessment of the industries in Danville revealed that over 60 percent of all jobs within the Town are found in purely population-serving industries, such as education, healthcare, real estate, residential construction, and retail. These were also the industries that were most likely to lose jobs from 2007 to 2012.

Twenty percent of employment can be found in Danville's mixed population and export-oriented industries (financial and banking services, tourism and hospitality², legal and accounting services, and non-residential construction) with the final 15 percent³ found in export-oriented industries (scientific and technical consulting, engineering services, computer design services and wholesale).

Danville's Economic Past, Present & Future

The last 12 years, from 2001 to today (2013) provide a valuable window in local economic history that includes times of growth and times of decline. This is important in developing a better understanding of the economic relationship that Danville has to the outside world and how Danville could potentially evolve in the future.

From 2001 to 2007, Danville experienced considerably more employment growth than either California or the Tri-Valley region as a whole, growing over ten percent in six years. From 2008 to 2010, Danville saw a relatively steep decline in employment; however, its total growth in employment from 2001 to 2012 was still stronger than either the state or Tri-Valley, while population growth in Danville over the same time period was negligible. From the low in 2010 to today, Danville, Tri-Valley, and California have recovered at a similar rate. From 2013 to 2016, Danville's employment growth is expected to remain positive but at a

² Tourism and Leisure includes restaurants, and they make up a considerable portion of this cluster.

³ Please note that five percent of Danville employment could not be classified in one of the three general categories, population-serving, mixed, or export-oriented.



slower rate than either the State of California or the Tri-Valley region, which is not surprising given that Danville's population will be growing at a slower rate than either the region or the state. This forecast is based on the assumption that Danville will not see considerable growth in residential or commercial buildings, particularly in comparison to its Tri-Valley neighbors.

Danville's Human Capital

Just as businesses increasingly recognize their most important assets are their employees, business communities are beginning to understand the importance of human capital as a foundational element in local economic development.

With approximately 24,000⁴ jobs in Danville and a resident workforce of approximately 23,000,⁵ it might be assumed that there is a substantial overlap between the people that live in Danville and those that work there. In fact, based on our estimation, fewer than one in three working Danville residents (29 percent or approximately 6,700 residents) actually work within the Town, either in their home or at a business within the Town's boundaries.

An analysis of Danville's resident workforce and the comparison to those employed in the Town of Danville reveals;

- Danville exports its resident workers in management, business, science, and arts occupations, which typically are the highest paying of the five general occupational categories.
- Danville's businesses employ workers that typically live outside of Town, particularly in service occupations (restaurants, retail and personal service occupations) as well as work in the construction and logistics industry.

Danville's Role in the Regional Economy⁶

The regional economy is the foundational area that businesses, workers and customers consider when making economic decisions. Understanding the relationship between the local economy and the greater economic region is a critical step in developing a deeper awareness of workers considering where to work, businesses that are examining options for where to expand, or entrepreneurs seeking their next opportunity.

Danville plays a valuable and somewhat unique role in both the Greater East Bay region (Alameda and Contra Costa County) and the Tri-Valley community (Town of Danville, and Cities of Dublin, Livermore, Pleasanton, and San Ramon). Regionally, Danville is seen as a valuable resource with a skilled and educated workforce that provides talent for many of the region's most demanding employers. As Contra Costa County and the Greater East Bay region are quick to identify an overall lack of highly skilled and educated workers, Danville is valuable in helping to overcome that gap.

⁴ Source: EMSI 2 Zip Code analysis with estimate of Blackhawk employed removed from total

⁵ Source: California Employment Development Department

⁶ Several of the summaries and descriptions of organizations in this section are taken from their respective website and/or interviews with representatives from each organization.



While larger employers in export-oriented industries such as advanced manufacturing, life sciences, and telecommunications are more likely to be found in San Ramon or Pleasanton, Danville is more likely to have smaller employers who provide technical, scientific, or financial consulting services to these businesses and the region's residents.

KEY FINDINGS: PHASE 2

The following key findings were taken from the second phase of research and provide a deeper understanding of the Town's business community based on a representative survey of Danville employers. The second phase of research is important for understanding the needs, priorities and expectations of Danville's business community.

Why Businesses Locate in Danville

For Danville, the **quality of life found in the Town** is a key driver in understanding why businesses locate here and why new small businesses are created here.

- **Seventy percent of Danville businesses** that participated in the employer survey indicated that either the quality of life in Danville or that the business founders lived in Danville were the main reasons that they were located here.
- The other key reasons businesses located in Danville, was its **proximity to customers, collaborators and vendors** (28%) or because it **spun-off from another company** that was already in Town (10%).

The assessment of business location decisions in Danville points to the importance of keeping work close to home for Danville's small business owners and entrepreneurs. This is important when considering strategies and programs to find and support new and growing businesses in Danville.

Growth Expectations and Business Climate

Nearly one-fifth of businesses surveyed expect to grow over the coming year, while the majority of businesses expect to retain the same level of employment. Over one-fifth of brick and mortar establishments project to add more employees while only six percent of home-based businesses expect to increase in size.

Overall, Danville businesses rated the business climate in the Town highly with eighty-four percent of firms indicating that Danville was either an "excellent" or a "good" place to conduct business, with just under two percent of total respondents giving the business climate in Danville a "poor" or "very poor" rating. The overall ratings reinforce the notion that the Town is doing an effective job maintaining and conveying a good business climate in Danville.

In a follow-up question, **over one-fifth (22%) of overall businesses said that nothing needs improvement when asked what the Town of Danville could do to improve business climate.** Typically, in an open-ended question, such as this, only issues that resonate with a considerable portion of the business community will receive 10 percent or more of respondents identifying a common concern or area to improve. In Danville, these key issues include;



- “Expand parking” (14%);
- “Provide more services to local businesses (small business help, marketing, networking, etc.)” (13%); and,
- “Increase signage opportunities near your business” (11%).

After Danville businesses gave open-ended feedback on issues they would like to see improved in the Town’s business climate, they were then asked their level of satisfaction with specific components of the business climate. Quality of life carried the highest satisfaction rating among businesses in Danville, with over nine in ten signifying their overall satisfaction. Businesses also said that they had high satisfaction with access to clients and customers (72% overall satisfaction), which is not surprising given the high proportion of population serving establishments within the Town of Danville.

Danville businesses expressed the lowest overall satisfaction with their ability to find appropriate commercial or industrial space (35%) and their ability to recruit high skill talent (45%). Not surprisingly, the regulatory climate in Danville received the highest level of respondents indicating their dissatisfaction (24%), which is consistent with many of the business climate surveys BW Research has completed in other regions and communities.

Communicating with Danville Businesses

An opportunity exists for the Town of Danville to reach out to the business community as firms that do not belong to business associations tend to look elsewhere for information. Over half of all businesses surveyed had not received economic development information from the Town of Danville in the past, while over one-fifth couldn’t recall whether or not they had.

Overall satisfaction related to Town-provided economic development information is impressive. Over four in five businesses that received information in the past were either “very” (34%) or “somewhat” (50%) satisfied. Only a small portion (7%) expressed any sort of dissatisfaction. Creating more opportunities for local businesses to receive local economic development information is poised to raise satisfaction in a number of areas.

Home-based Business Profile

Danville’s home-based businesses are a valuable component of Danville’s business community. According to the response from the employer survey approximately one in four Danville businesses is a home-based business (23%). Danville’s home-based businesses are likely to be found in technical, professional or technology consulting (37%), the real estate or building industry (20%) or personal care and related services (16%).

- Four out of five home-based Danville businesses gave the Town an excellent or good rating as a place to do business but at least 10 percent of home-based businesses were dissatisfied with the ability to find office space, the overall regulatory climate, and the organizations that support economic development and entrepreneurship.



- Just under one-quarter (22%) of Danville's home-based businesses indicated they had received information from the Town's Economic Development Department and they were less likely than non-home-based businesses to be a member of a local or regional business or industry association such as the Chamber of Commerce.
- Home-based businesses were considerably less likely to identify any local rules, regulations, or requirements that they would like to see changed to help their business.

CONCLUSIONS & RECOMMENDATIONS

The following conclusions and recommendations are based on the research findings from phases 1 and 2 of Danville's comprehensive economic development analysis.

Strengths & Opportunities for Danville's Economy

Danville's economic strengths are built off of;

1. **A high quality of life** that supports both the business community and the residents that live and work in the community. Of the nine specific components of Danville's business climate that were evaluated by the business community, quality of life received the highest level of satisfaction with over 90 percent either very (74%) or somewhat (17%) satisfied.
2. **An educated and entrepreneurial workforce** that provides the high-skilled workers that Tri-Valley's employers require as well as the entrepreneurs to grow new businesses within the region. Danville's economic resiliency through the great recession is largely attributed to a workforce that has remained employed in a historically loose labor market.
3. **An attractive downtown that hosts Danville's robust retail and restaurant community.** Danville's retail and restaurant establishments account for a majority of the Town's sales tax revenue and support the community's high quality of life.
4. **An emerging consultant based economy** that serves both the affluent residents in and around Danville as well as the regional businesses that make up the Tri-Valley's innovative economy. Micro-businesses (4 or less employees) in finance and wealth management as well as professional, technical and scientific services have seen solid growth in Danville from 2006 through 2012.
5. **An affluent residential community** that allows many of the Town's businesses to primarily focus on serving Danville's population. Businesses like personal care services, full-service restaurants and florists that all have a high concentration in Danville, are typically found in higher net worth communities.

These economic strengths help us understand the relationships that have developed in Danville over the last few years and provide some sense of what could develop in the near future.



Weaknesses & Challenges for Danville's Economy

While Danville's economic weaknesses are not as pronounced as their strengths, there are issues and challenges that should be considered;

1. **A disconnect between Danville's business employees and its resident workforce.** Danville's businesses are often focused on finding employees in customer service positions (retail and restaurants) while Danville's resident workforce is typically looking for employment in professional, technical and management positions. Less than half of Danville businesses indicated they were satisfied with their ability to recruit high-skilled talent and this was particularly the case with many of Danville's brick and mortar establishment that typically recruit for customer service positions.
2. **Growth that is focused on the creation of new businesses** rather than the expansion of current ones. According to the business survey less than one in five current Danville businesses expects to increase employment in the next 12 months. This is a relatively low number in comparison to other employer expectations we have tracked in other communities. In Danville this is due to the reality that most growth comes from new businesses being created and that is challenging for the business community because it requires the business community to continually re-connect with a churning and volatile business space.
3. **An emerging consultant based economy that is facing challenges** finding office space and connecting with the business opportunities they are looking for in and around Danville. The results of the business survey indicate that consultants and home-based businesses are not satisfied with their ability to find office space in Danville and would like to have better information on the business opportunities that exist in Town and the surrounding region.
4. **A sales tax base that generates relatively little revenue from transportation and business to business services.** A comparison of Danville's sales tax revenue to California's reveals a community that is highly dependent on retail and restaurant sales to generate revenue for the Town. Sales in transportation and business to business services offer opportunities to serve the Town's entrepreneurial workforce while increasing the Town's fiscal vitality.

Recommendations

The following recommendations have been made based on the findings of Danville's comprehensive economic development analysis;

1. **Increase communication and connectivity with Danville's business community.** Over half of all Danville businesses surveyed had not received economic development information from the Town in the past, while over one-fifth couldn't recall whether or not they had. New strategies to connect with Danville's business community should be built around the target industry clusters and their preferred communication mediums. The Town of Danville, should also consider working with



the local Chamber on their annual survey to better understand business input on issues and regulations controlled by the City.

2. **Identify Danville's target industry clusters and develop or facilitate support strategies tailored for each.** The four recommended industry clusters, professional, scientific and technical services, tourism, hospitality and retail, finance and wealth management, and real estate, rentals and leasing were identified because they represent growth industries for Danville and they share comparable workforce and economic development needs. This recommendation is based on the belief that business support services and strategies should be segmented by general industries as they more accurately reflect the specific needs of employers. For industry clusters such as tourism, hospitality and retail that could include a local communications campaign that highlights the quality and convenience of Danville businesses in this clusters and the benefits of buying local.
3. **Increase access to office space and support infrastructure for Danville entrepreneurs and new businesses.** The results of the business survey show that current businesses are less satisfied with the availability of office space than other components of the Town's business climate and the initial assessment of the Town's commercial real estate reveals that the overall availability of office space is low. Strategies should be considered for increasing access to office space for Danville's entrepreneurs and new businesses. Increasing access to Wi-Fi and improving other infrastructure to support these businesses should be considered as well.
4. **Identify, evaluate and collaborate on regional partnerships that support Danville's growing industry clusters by providing opportunities for networking, connecting with advisors and funding resources, as well as economic and workforce development.** The Town of Danville should examine the regional partners that can best serve the recommended industry clusters for Danville as they relate to economic and workforce development strategies.
5. **Improve Danville's sales tax base by expanding transportation and business to business service establishments** that will serve the Town's entrepreneurial community while increasing the sales tax base. Danville should consider opportunities for providing space to new automobile show-rooms, including new innovative alternative fuel vehicles that would be consistent with the Town's emphasis on maintaining and improving the quality of life. Danville should also consider opportunities to expand business to business sales that would both increase sales tax revenue while also providing convenience for Danville's small business community. This could also include updating or expanding current and potential customer marketing survey and evaluating other strategies such as increased business hours to increase sales tax revenue.



PHASE 1: AN ECONOMIC ANALYSIS OF DANVILLE

The initial phase of research for Danville's comprehensive economic development analysis included compiling data on the Town's economy, its labor market and the demography of its residents. This information was combined with industry specific research and regional economic information to create a comprehensive economic profile of Danville and its connectivity to Tri-Valley and the East Bay. The findings from this first phase of research are important in providing a comprehensive foundation for where Danville's economy is today and how it got there. More importantly this foundation will help develop a better understanding of Danville's economy, and when combined with the information in the second phase of research, provide information on how to better support Danville in its economic development efforts moving forward.

Introduction to Danville Economy

With approximately 23,000 working Danville residents⁷ and an unemployment rate just below four percent – at a time when the state's unemployment is more than double that – Danville can be viewed as the idyllic small-town economy. The Town's economy is largely built around the community's **high quality of life**, providing goods and services to the **generally affluent and highly educated residents that live in Danville**, and the preponderance of **small businesses that are located within its boundaries**. While these general descriptions of Danville's local economy are accurate, there are additional factors that should be considered as we begin to develop a more complete understanding of Danville's economic development challenges and opportunities.

Economic Vitality Objectives for Danville

Recently (March, 2013) the Town of Danville adopted the 2030 General Plan update, which included two economic development objectives for the Town. These goals included;

- **Strengthen Danville's economic and fiscal vitality** as a means of supporting an outstanding quality of life for all Town businesses and residents.
- **Develop a unique role for Danville in the regional economy** which capitalizes on the Town's location and demographics, responds to emerging technologies and economic trends, retains the essential character of the town, and fosters the prosperity of Danville residents and businesses.

These objectives provide valuable context for how we examine Danville's economy and its connectivity to the greater region. The information presented in this section will provide a profile of Danville's business community, a description of the workers that live and work in Danville and what is happening economically in the region as it relates to the development of Danville's economy. This information will provide a foundational understanding of Danville's economy as well as describing the Town's unique economic attributes.

⁷ Source: CA Employment Development Department: Preliminary December 2012 Figures, Not Seasonally Adjusted.



DANVILLE'S BUSINESS COMMUNITY

Danville's business environment can be characterized as a diverse and vibrant small business community with a few larger employers in retail, healthcare, real estate, banking and related services. The following description of Danville's business community emphasizes the unique attributes of the Town's economy including an evaluation of key industries and business segments as well as the role that a skilled workforce (human capital) plays in the local and regional economy. This section of the report also investigates the importance of home-based businesses, brick and mortar establishments as well as the consultant economy in Danville.

Industry Clusters

An assessment of local industry clusters is a central component in any local economic development analysis. The industry clusters are grouped together because they provide information on what is distinct about the business community, particularly in comparison to the regional economy, the opportunities that are available for the resident workforce and gives a more accurate perspective on how local businesses see themselves and the industries they are connected to. This analysis also provides a better understanding of an economy's customer base, whether it is largely local or comes for outside the town. For this analysis, Danville's industry employment was placed in one of three categories, that included;

- **Population-Serving** this refers to Danville industries or businesses whose primary customer base comes from within Danville and the immediate area.
- **Mixed population-serving & export-oriented** this refers to Danville industries or businesses whose customer base comes from both within Danville and outside the immediate area.
- **Export-Oriented** – this refers to Danville industries or businesses whose primary customer base comes from outside of Danville and the immediate area.

The assessment of the industries in Danville revealed that over 60 percent of all jobs within the Town are found in purely population-serving industries, such as education, healthcare, real estate, residential construction, and retail. Just over half of the jobs in these population-serving industries earn less than \$35,000 annually on average, and these make up a bulk of the jobs that employ individuals that live outside of Danville. These were also the industries that were most likely to lose jobs from 2007 to 2012.

Twenty percent of employment can be found in Danville's mixed population and export-oriented industries (financial and banking services, tourism and leisure, legal and accounting services, and non-residential construction) with the final 15 percent found in export-oriented industries (scientific and technical consulting, engineering services, computer design services and wholesale). Over 60 percent of the occupations in the mixed and export-oriented industries have an average annual wage well over \$35,000.



Danville Industry Clusters

The Town of Danville is home to several industry clusters⁸. For purposes of this report, eight industry clusters were defined and analyzed. They include:

1. **Public Education** – all state and local government elementary, secondary, and other schools including educational support services.(Population-serving)
2. **Private Education and Youth Development** – all private elementary, secondary, and training schools including educational support services. (Population-serving – 238 verified businesses in Danville)
3. **Tourism and Hospitality** – all hotels, *restaurants*, museums, wineries, country clubs, etc. (Mixed, population serving and export-oriented – 132 verified businesses in Danville). Full-service restaurants represent approximately 2 out of every 3 jobs in this cluster.
4. **Finance and Wealth Management** – all financial firms including investment and funds management (excluding insurance services). (Mixed, population serving and export-oriented – 160 verified businesses in Danville)
5. **Retail** – all retail businesses. (Largely population serving – 266 verified businesses in Danville)
6. **Professional and Technical Services** – all professional and technical services including legal services, engineering, design services, etc. (Export-oriented – 274 verified businesses in Danville)
7. **ICT (Information and Communications Technologies)** – an emerging sector in Danville which includes computer and software manufacturing, telecommunications, etc. (Export-oriented – 38 verified businesses in Danville)
8. **Healthcare** – all medical facilities, medical professions, care facilities, etc. (Population serving – 210 verified businesses in Danville)

It should be noted that these eight industry clusters do not represent every business or employer in Danville, but instead represent a large proportion of employers in the business community and within each cluster typically share workforce and economic development needs and priorities.

⁸ Defined at the 6-digit NAICS level



The table below describes the number of people employed in each of the industry clusters in Danville, their average earnings per worker and how that translates into a proportion of the local economy.

Table 1: Danville Industry Clusters by Jobs, Earnings and % Share of Regional Economy⁹

Industry Cluster	# of Jobs	2012 Earnings per Worker	% Share of Economy
Public Education	1,425 ¹⁰	\$59,447	8.3%
Finance and Wealth Management	1,183	\$79,823	7.9%
Healthcare	1,222	\$62,970	6.4%
Professional and Technical Services	713	\$93,275	5.6%
Retail	1,340	\$33,926	3.8%
Tourism and Hospitality	1,750	\$24,902	3.7%
ICT	362	\$99,744	3.0%
Private Education and Youth Development	797	\$26,561	1.8%

Source: EMSI Complete Employment 2012.4

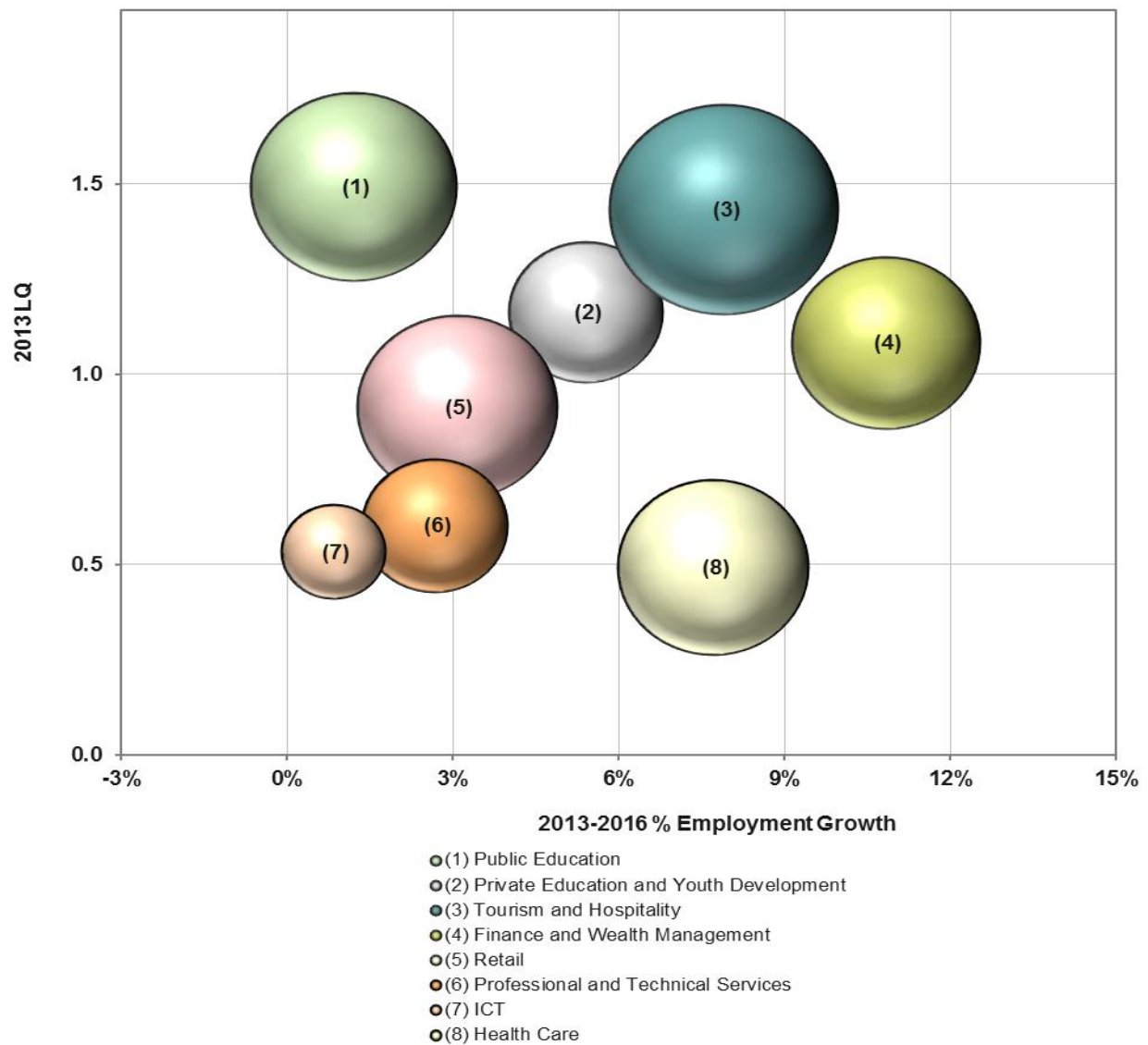
⁹ Gross Regional Product (GRP) by industry is not available at the zip code or City level so percent share of the economy was calculated by multiplying average earnings per worker (EPW) by number of jobs in Danville to establish overall earnings for the economy in Danville. The same process was used for each industry cluster and the products of the calculations were divided by the overall earnings for the economy in Danville to establish percentage share of the economy.

¹⁰ This Figure has been revised based on input from the San Ramon Valley Unified School District.



The figure below shows the relative size by employment of each industry cluster (size of sphere), its relative concentration on the vertical axis (as measure by location quotient) and expected growth from 2013 to 2016 on the horizontal axis. As the figure reveals, many of the medium-sized industries are expecting to see the most growth in the next three years, including finance and wealth management, tourism and hospitality¹¹ and healthcare.

Figure 1: Danville Industry Clusters by Location Quotient¹² and Growth¹³



¹¹ The Tourism and Hospitality cluster definition includes restaurants that make up a large portion of total cluster employment.

¹² Location quotient (LQ) measures sector share of regional employment with its share of national employment. A LQ of 1.0 indicates equal sector share of employment between a region and the nation.

¹³ EMSI Complete Employment 2012.4



Overall, Danville employment tends to be more population-serving than export oriented and is dominated by education, real estate, and restaurants. In fact, these three categories make up over 20 percent of all employment in Danville. Nearly 40 percent of all workers are in sales, education, or office/administrative support occupations.

The largest industry cluster (measured by total employment) in the area is public education¹⁴. Over the next three years, it is expected to increase by one percent. The sector has a location quotient (LQ)¹⁵ of 1.5 indicating that public education is 1.5 times more concentrated in the Town of Danville when compared to the national average. The smallest industry cluster, ICT, has a LQ of 0.58 indicating that it is less concentrated in the area than average. ICT is expected to grow by one percent through 2016.

The six other industry clusters are projected to grow in employment over the next three years as well: finance and wealth management (+11%); tourism and hospitality (+8%); healthcare (+8%); private education and youth development (+5%); professional and technical services (+3%); and retail (+3%). Of those, tourism and hospitality (LQ=1.48), private education and youth development (LQ=1.21), and finance and wealth management (LQ=1.13) have higher than average concentrations in the Town of Danville.

¹⁴ Of the 1,425 total public education employees attributed to Danville, approximately 1,222 are district employees that work within the Town of Danville.

¹⁵ Location quotient (LQ) measures sector share of regional employment with its share of national employment. A LQ of 1.0 indicates equal sector share of employment between a region and the nation.



Retail and Restaurants - Key Revenue Provider for Danville

Danville's brick and mortar retail and restaurant establishments are an important segment of the business community. These businesses include apparel stores, department stores, florists and full-service restaurants. The retail and restaurant establishments in Danville are important to the Town's local economy because they make up almost one in every five jobs in the Town and more importantly account for almost two out of every three sales tax dollars brought into Danville.

The table below and on the following page lists detailed industries by their relative employment saturation level in Danville for retail, food and accommodation services, and personal services. The specific industries near the top of the chart are those which are more highly saturated within the Town, while those at the bottom indicate establishment types that are underrepresented when compared to the typical Town of Danville's size.

The result of the saturation analysis for Danville along with an analysis of local sales tax information¹⁶ shows that Danville's has a strong number of full-service restaurants, personal care service establishments and florists. At the other end of the spectrum Danville offers less in the way of office supply stores and furniture stores.

Table 2: Saturation Analysis of Retail, Personal Care and Food & Accommodation Services in Danville¹⁷

Description	Saturation	Verified Establishments	2012 National LQ
Lawn and Garden Equipment and Supplies Stores	High Saturation	5	2.63
Other General Merchandise Stores	High Saturation	4	2.60
Other Amusement and Recreation Industries	High Saturation	14	2.43
Florists	High Saturation	9	2.43
Direct Selling Establishments	High Saturation	3	2.27
Personal Care Services	High Saturation	96	2.24
Special Food Services	High Saturation	3	2.23
Full-Service Restaurants	High Saturation	83	1.88
Home Furnishings Stores	High Saturation	6	1.65
Specialty Food Stores	Above Average Saturation	10	1.37
Beer, Wine, and Liquor Stores	Above Average Saturation	3	1.34
Grocery Stores	Average Saturation	11	1.14
Clothing Stores	Average Saturation	38	1.05
Book, Periodical, and Music Stores	Average Saturation	4	0.97
Electronics and Appliance Stores	Average Saturation	32	0.95
Used Merchandise Stores	Average Saturation	11	0.91

¹⁶ Source: MuniServices – Town of Danville, Sales Ended December 2012

¹⁷ This table is based on a National Location Quotient that indicates the average level of employment for a specific industry in comparison to the national average would be 1.0 for a Town of Danville's population size.



Jewelry, Luggage, and Leather Goods Stores	Average Saturation	15	0.87
Sporting Goods, Hobby, and Musical Instrument Stores	Below Average Saturation	17	0.78
Gasoline Stations	Below Average Saturation	11	0.77
Limited-Service Eating Places	Below Average Saturation	14	0.75
Health and Personal Care Stores	Below Average Saturation	18	0.74
Drinking Places (Alcoholic Beverages)	Below Average Saturation	2	0.71
Shoe Stores	Below Average Saturation	3	0.66
Electronic Shopping and Mail-Order Houses	Below Average Saturation	2	0.66
Other Miscellaneous Store Retailers	Below Average Saturation	17	0.65
Office Supplies, Stationery, and Gift Stores	Low Saturation	20	0.59
Furniture Stores	Low Saturation	7	0.33
Building Material and Supplies Dealers	Low Saturation	13	0.15
Automotive Parts, Accessories, and Tire Stores	Low Saturation	3	0.13
Traveler Accommodation	Low Saturation	1	0.06



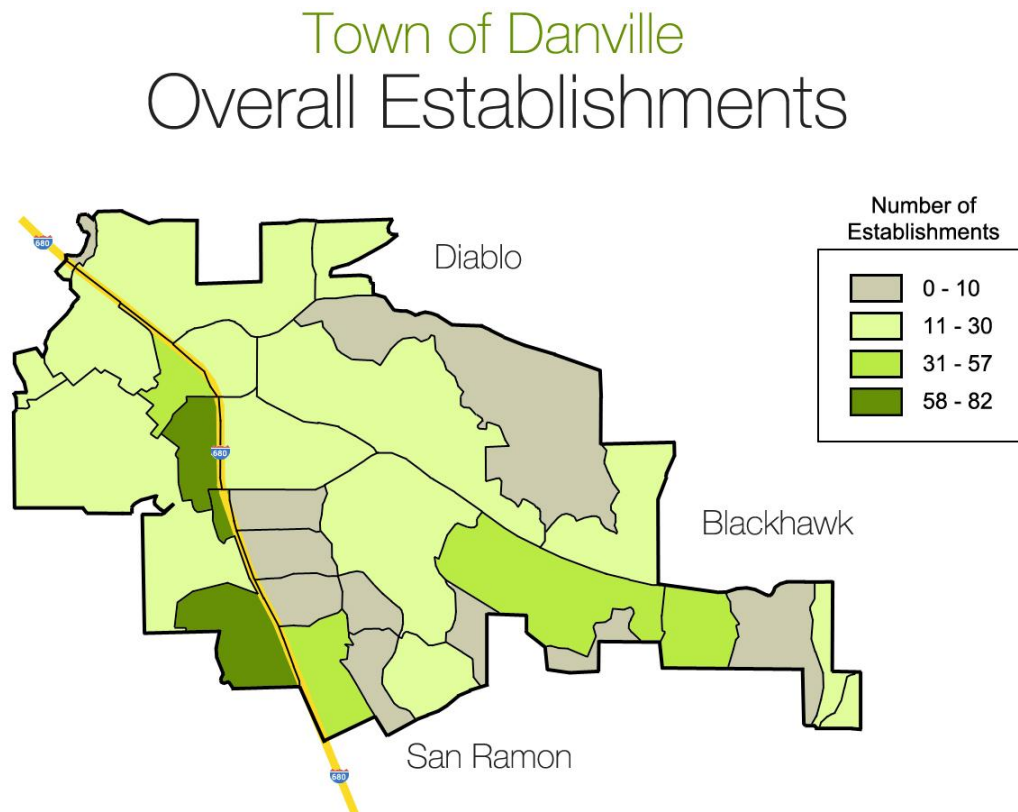
Danville's Downtown

The Town of Danville's downtown district is located west of the 680 freeway in the northwest quadrant of the Town proper. Danville's downtown area is an important component to the local economy for several reasons, including;

- It is a focal point for Danville's retail and restaurant establishments as well as personal, finance and professional services businesses.
- It is an important contributor in maintaining the quality of life in Danville and providing residents access to shopping, dining and business opportunities.
- It is a major driver for attracting new businesses and maintains low vacancy rates for office and commercial space (see page 53 for more information on commercial real estate in Danville).

The figure below illustrates the distribution of Danville business establishments throughout the Town. Unlike retail business establishments, shown on the following page, all Danville businesses can be found over most of Danville.

Figure 2: Overall Danville Business Establishments by Geography¹⁸

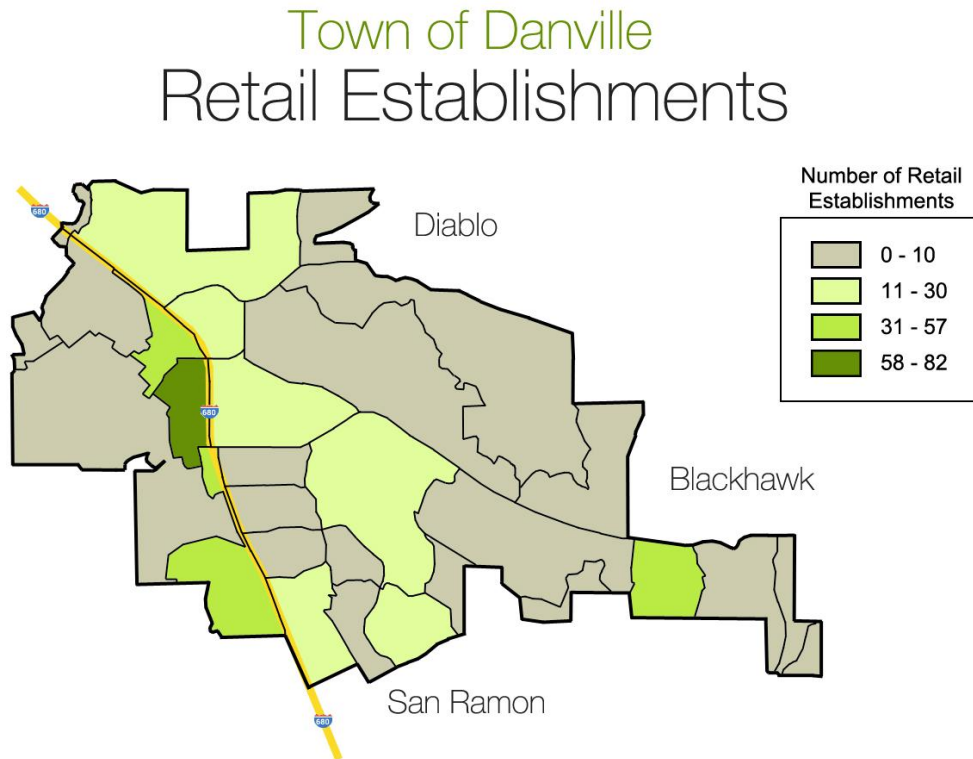


¹⁸ Source: ESRI 2013 and Dun & Bradstreet 2013



Higher employment in the retail industry is located near the downtown area, with some major employers positioned in the south and southeast areas of the Town. The majority of retail establishments are concentrated along the I-680 corridor. The figure below shows that the downtown area represents the highest concentration of retail business establishments.

Figure 3: Danville Retail Establishments by Geography





Small and Micro-Businesses Drive Danville

Danville's business community is almost entirely made up of small businesses, 19 out of 20 businesses located in Danville have fewer than 25 employees, and most have fewer than 10 employees. There are currently approximately 1,900 business listings across all sectors in the Town of Danville.¹⁹

When compared to the Tri-Valley area and California as a whole, the Town of Danville is home to a higher percentage of small businesses (87%) and lower percentages of medium (9%) and large businesses (4%).

Table 3: Percent Employment by Business Size (Town of Danville, Tri-Valley, and California)

	Town of Danville	Tri-Valley	California
1-9 employees	87% (1,652)	79% (10,757)	82%
10-24 employees	9% (173)	13% (1,718)	11%
25+ employees	4% (78)	8% (1,111)	7%

Source: 2012 InfoUSA verified businesses

Working from Home: While a large portion of Danville's residents do not work for a business within the Town boundaries, almost one in ten (9.2%) Danville residents who are currently employed work from home. This is almost double the average found in Contra Costa County (5.6%) or California as a whole (5.1%).

Given the large percentage of small businesses in Danville and the limited space and availability to attract or grow large businesses in the Town, it makes sense to focus on supporting and growing those businesses that would be able to thrive in Danville. These include consultant based small businesses that are able to build upon the highly educated and skilled talent that lives in the community.

The 2011 East Bay Assets report found that the majority of the region's jobs are concentrated in businesses that have started and expanded in the area and are either small or medium-sized. The authors of the report suggested that these businesses should receive the focus of incentives that allow for them to start, survive and prosper in the region. Incentives could include easing of regulatory practices and encouraging networking activities and the utilization of business support services.²⁰

Danville's key industry clusters for entrepreneurs and small businesses are largely found in the financial services²¹ sector, providing financial services for the East Bay's wealthiest residents, and secondarily in ICT (Information, Communications, and Technology) industries supporting the research and product design work occurring at neighboring employers, such as one of the National Laboratories or larger ICT employers such as AT&T or General Electric.

¹⁹ InfoUSA 2012

²⁰ Building on Our Assets: Economic Development & Job Creation in the East Bay 2011, East Bay Economic Development Alliance (EBEDA)

²¹ Financial services includes industries such as Funds, Trusts, and Other Financial Vehicles, and Credit Intermediation and Related Activities



A Consultant Based Economy

In Danville, the consultant based economy is most often found in small businesses (9 or fewer employees) that are in finance and wealth management as well as professional, scientific and technical consulting.

- **Investment Advice and Portfolio Management** represents approximately 450 jobs in the Town of Danville and has experienced employment growth near 25 percent over the last five years.
- **Human Resources Consulting Services** has experienced nearly 285 percent growth since the Great Recession and currently accounts for around 230 jobs in the Town.
- **Administrative Management and General Management Consulting Services** currently employs roughly 210 workers in Danville and has declined in overall employment by over 15 percent since 2008.
- **Marketing Consulting Services** has expanded in employment by nearly 40 percent from 2008 to 2013 and currently represents just under 200 jobs.

The consultant based economy in Danville is important to the Town's local economy for several reasons;

1. It connects Danville's resident workforce, those individual's that live in Danville and are part of the regional workforce, with employment opportunities in Danville.
2. The industries where most of the consultant based economy is found in Danville, such as finance and wealth management as well as professional, scientific and technical services have remained relatively strong through most of the economic downturn and are poised to continue growing into the future.
3. These businesses serve as the customer base for the Town's restaurants and retail establishments that are responsible for the majority of Danville's sales tax revenue.

Ultimately, the consultant based economy in Danville should continue to thrive because it builds upon the Town's economic strengths, its educated and entrepreneurial residents, opportunities for small and emerging businesses and the high quality of life found in Danville.

DANVILLE'S ECONOMIC PAST, PRESENT & FUTURE

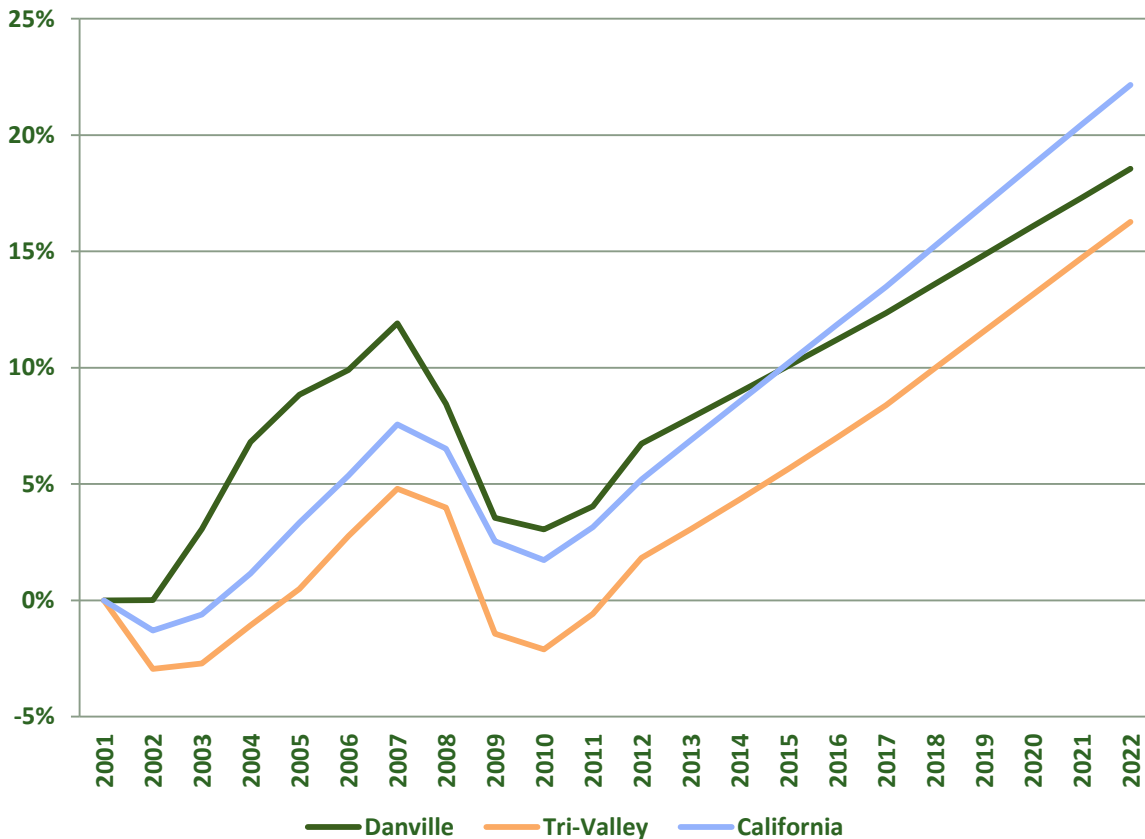
The last 12 years, from 2001 to today (2013) provide a valuable window in local economic history that includes times of growth and times of decline. This is important in developing a better understanding of the economic relationship that Danville has to the outside world and how Danville could potentially evolve in the future.

From 2001 to 2007, Danville experienced considerably more employment growth than either California or the Tri-Valley region as a whole, growing over ten percent in six years. From 2008 to 2010, Danville saw a relatively steep decline in employment; however, its total growth in employment from 2001 to 2012 was still stronger than either the state or Tri-



Valley, while population growth in Danville over the same time period was negligible. From the low in 2010 to today, Danville, Tri-Valley, and California have recovered at a similar rate. Over the next few years, Danville's employment growth is expected to remain positive but at a slower rate than either the State of California or the Tri-Valley region, which is not surprising given that Danville's population will be growing at slower rate than either the region or the state. This forecast is built on the assumption that Danville will not see considerable growth in residential or commercial buildings.

Figure 4: Past and Future Growth in Employment (Danville, Tri-Valley Area, and California)²²



2001 to 2007: The Growth Years

From 2001 to 2007 few industries declined in overall employment in the Town of Danville.²³ This period was defined by high overall growth across all industries in the Town, with real estate and rental and leasing and accommodation and food services responsible for over half of all added employment. Digging deeper, offices of real estate agents and brokers and full-service restaurants helped to drive the increase in jobs for their respective industries.

²² EMSI Complete Employment 2012.4

²³ When examining 2-digit NAICS industries, declining industries included Manufacturing (NAICS 31-33), Transportation and Warehousing (NAICS 48-49), Information (NAICS 51), and Agriculture, Forestry, Fishing and Hunting (NAICS 11).



2008 to 2012: The Great Recession and Weak Recovery

During this period of time, Danville was not immune to the national economic downturn. Similar to what was happening nationally, no industry in Danville was hit as hard as construction. Employment in this industry dropped by nearly 670 jobs with the majority concentrated in residential building construction and building equipment contractors. Although there was a net loss in the Town's overall employment, industries such as health care and social assistance (+7%) and educational services (+13%) experienced steady growth.

2013 to 2016: The Next Chapter

Economic projections for Danville are cautiously optimistic. Overall, Danville industries are forecasted²⁴ to add over 900 jobs or experience three percent growth from 2013 to 2016. The seven major industries that are expected to add over 100 nets jobs each in Danville from 2013 to 2016, include;

- Accommodation & Food Services (174 jobs – average earnings \$21,513)
- Professional, Scientific & Technical Services (141 jobs, average earnings \$65,574)
- Other services including personal care (117 jobs, average earnings \$20,380)
- Retail trade (113 jobs, average earnings \$32,970)
- Finance & Insurance (111 jobs, average earnings \$84,635)
- Real Estate, Rental & Leasing (109 jobs, average earnings \$29,752)
- Healthcare & Social Assistance (108 jobs, average earnings \$48,785)

The only major industry forecasted to lose 100 jobs or more over the same time period is construction (122 jobs, average earnings \$67,292). Based on recent information showing an increase in permit activity for Danville, this forecast for construction work in the Town may be overly pessimistic.

Historic Unemployment in Danville

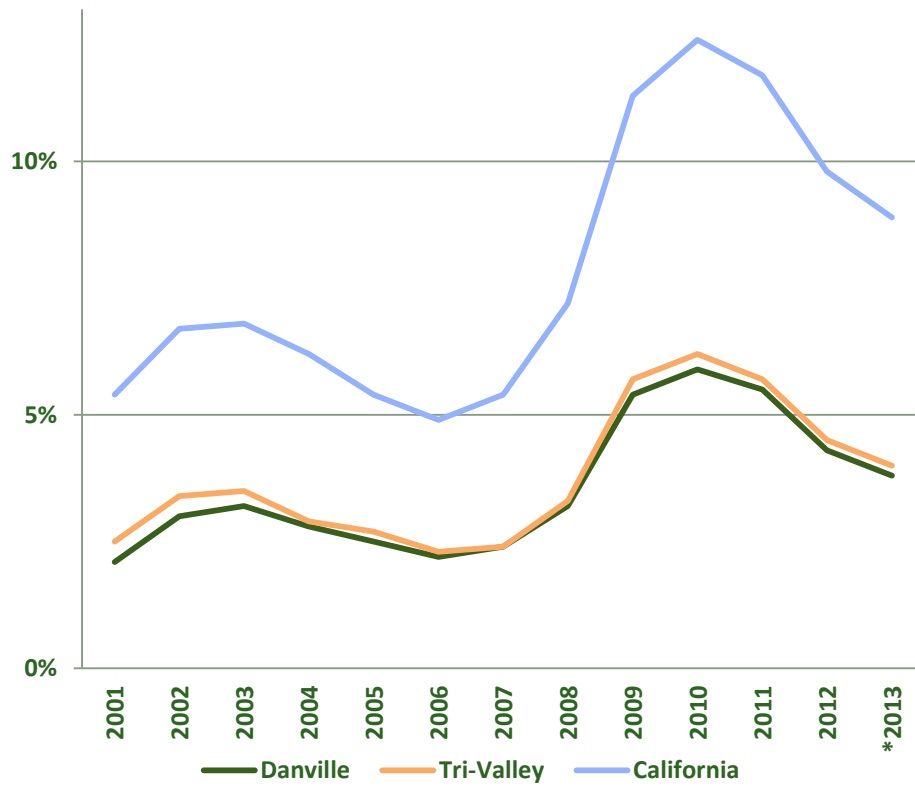
The Town of Danville's unemployment rate for August 2013* (3.8%) was lower than both the greater Tri-Valley area's (4.0%) and California as a whole (8.9%). Danville's unemployment rate has consistently remained the lowest in comparison to the greater geographic areas for the past 13 years.

²⁴ Source: EMSI 2013.2

* August 2013 preliminary data, not seasonally adjusted



Figure 5: Unemployment Rates 2001-2013 (Danville, Tri-Valley Area, and California)²⁵



²⁵ Source: California Economic Development Department (EDD) 2013

* August 2013 preliminary data, not seasonally adjusted



DANVILLE'S HUMAN CAPITAL

Just as businesses increasingly recognize their most important assets are their employees, business communities are beginning to understand the importance of human capital as a foundational element in local economic development. This section of the report examines both those employed in Danville as well as its resident workforce, those that live in Danville and are part of the labor force, and the differences between the two.

Employed in Danville vs. Danville's Resident Workforce

With approximately 24,000²⁶ jobs in Danville and a resident workforce of approximately 23,000,²⁷ it might be assumed that there is a substantial overlap between the people that live in Danville and those that work there. In fact, based on our estimation, fewer than one in three working Danville residents (29 percent or approximately 6,700 residents) actually work within the Town, either in their home or at a business within the Town's boundaries. An analysis of the industries, occupations, and skills that are in demand among Danville employers compared to the education and occupational profile of residents shows a considerable difference between the highly-educated resident workforce and a more population-serving, customer service-focused workforce employed within the Town of Danville.

Wage Comparison: Median annual earnings for those working in Danville are approximately **\$44,000 vs. \$119,000**²⁸ median annual earnings for those living in Danville. It should also be noted that over half of Danville's families have an annual income of \$150,000 or more.

Danville's resident workforce is highly educated, with over 60 percent (63%) of residents possessing at least a bachelor's degree and almost a quarter (24%) with a professional or graduate degree. Danville continues to play a valuable role within the region as a resource for attracting talent among regional employers.

The highly educated resident workforce in Danville falls in line with a common trend alluded to in the East Bay Economic Development Alliance's (EDA) 2011 East Bay Assets report. Regional economic vitality is largely driven by a highly skilled and educated workforce, which Danville has in abundance when compared to the state and nation.²⁹

Danville's workforce will continue to play an important role in meeting the increased skill requirements needed to help ensure prosperity in the overall East Bay economy. As mentioned in the East Bay Assets report, the highly educated workforce is a major driver for new investment and business expansion in the region.

An analysis of occupations within Danville reveals that almost half of the current jobs in Danville are found in sales and office positions or service occupations that typically do not

²⁶ Source: EMSI 2 Zip Code analysis with estimate of Blackhawk employed removed from total

²⁷ Source: California Employment Development Department

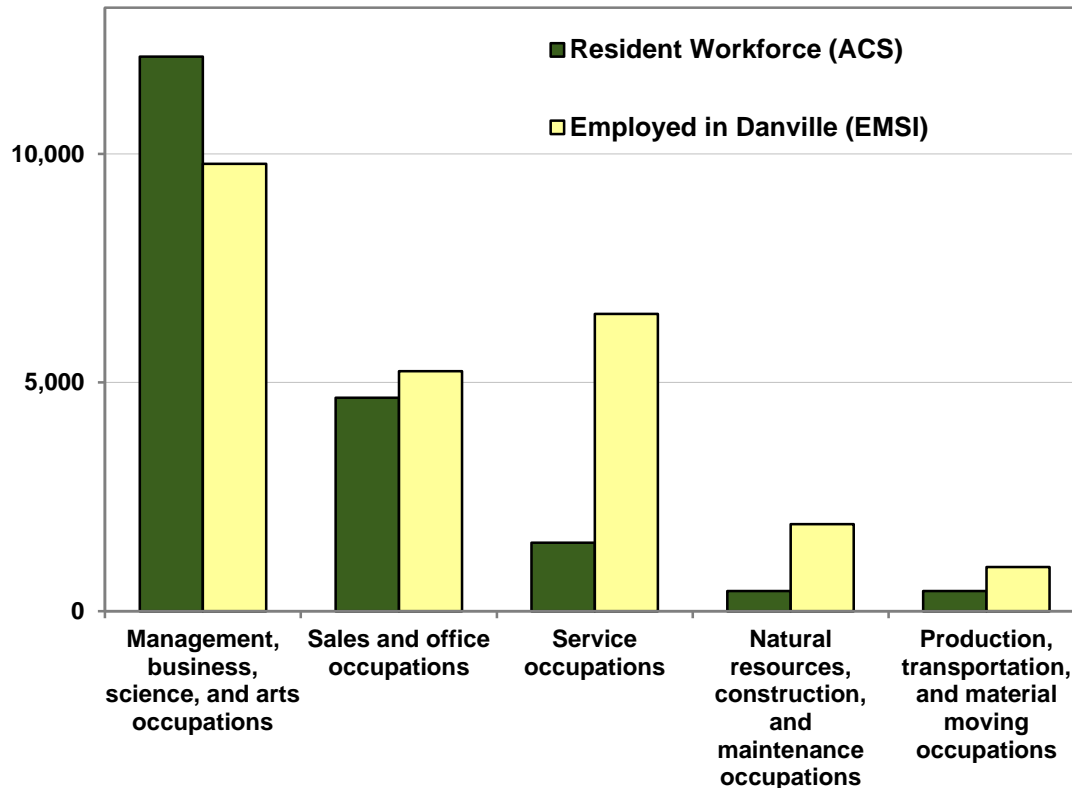
²⁸ Median Annual Earnings estimates are based on EMSI Q.4 - 2012 data for Danville worker estimates and American Community Survey, 5 year estimate for resident Danville workers.

²⁹ Building on Our Assets: Economic Development & Job Creation in the East Bay 2011, East Bay Economic Development Alliance (EDA)



require a four-year degree. The figure below shows the general occupational categories for Danville's resident workforce (in green) compared to those currently working in Danville (in yellow).

Figure 6: Occupational Comparison between Resident Workforce & Employed in Danville



The key finding from this analysis of Danville's resident workforce and the comparison to those employed in the Town of Danville reveals;

- Danville's residents are employed among the management, professional and technical occupations throughout the Tri-Valley, East Bay and the Greater Bay Area.
- Danville's businesses employ workers that live outside of Town, particularly in service occupations (restaurants, retail and personal service occupations) as well as construction and logistics occupations.

The figure above reveals that Danville must import a large portion of workers in service occupations, as well as those positions in natural resources, construction, and maintenance, which are typically lower paying positions. At the other end of the spectrum, Danville exports individuals in management, business, science, and arts occupations, which typically are the highest paying of the five general occupational categories.



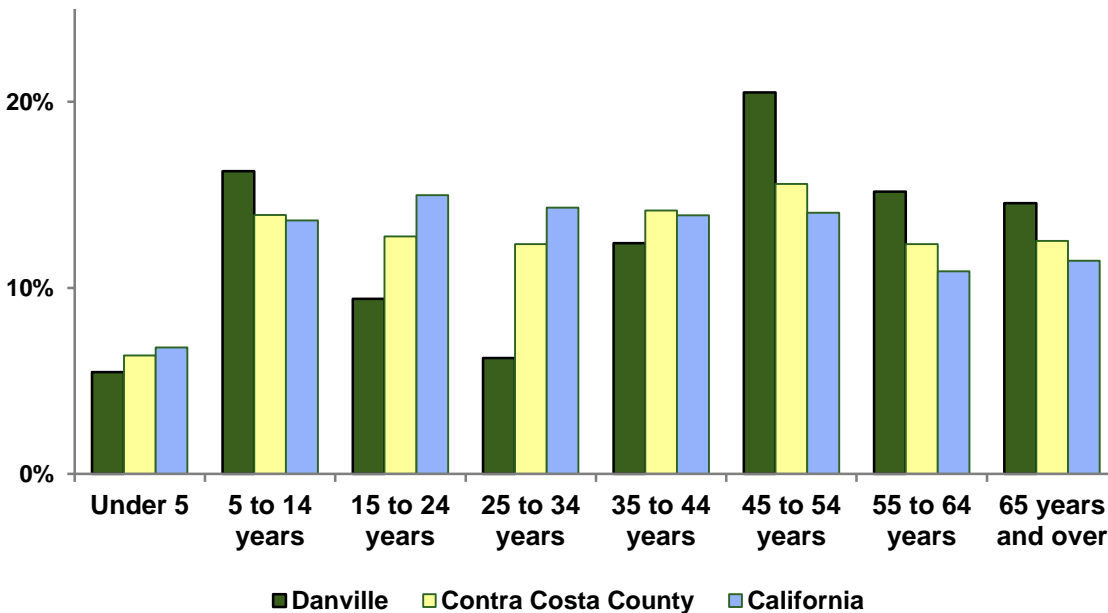
Resident Demographics

Danville's resident demographic profile is a valuable tool in understanding the customer base for population-serving businesses within the Town as well as developing a better understanding of the foundation or the resident workforce.

The distribution of age within Town limits reveals that Danville has a relatively low percentage of 25 to 34 year old residents (6%) when compared to Contra Costa County (12%) and California as a whole (14%). Fifty percent of Danville residents are 45 years of age or older (Contra Costa County: 40%; California: 36%). School-age children (5 to 14 years) account for 16 percent of Danville's population, which is also a higher percentage than either the state or the county.

Demographically, Danville has a relatively large population of residents over the age of 45 (50% are 45 years or older) and between the ages of 5 and 14 years old (16%). This indicates that over the next five years demand for healthcare and education within the Town will continue to remain strong, as the percentage of primary school aged children remains high and the population over the age of 45 continues to grow.

Figure 7: Resident Age Comparisons (Danville, Contra Costa County, and California)³⁰



³⁰ Source: 2007-2011 American Community Survey (ACS) and Census 2010



The table below shows the highest level of education completed for residents 25 years and older in the Town of Danville, compared to Contra Costa County and the State of California. The results of the analysis show that Danville's residents are considerably more educated when compared to the County or the State.

Table 4: Resident Education Level Comparison (Danville, Contra Costa County, and California)³¹

Education Level	Town of Danville	Compared to Contra Costa County	Compared to California
Less than 9th grade	1.1%	-4.7%	-9.3%
9th to 12th grade, no diploma	1.4%	-4.2%	-7.4%
High school graduate (includes equivalency)	8.7%	-11.0%	-12.2%
Some college, no degree	18.7%	-3.8%	-3.4%
Associate's degree	6.9%	-0.9%	-0.7%
Bachelor's degree	39.6%	+15.1%	+20.4%
Graduate or professional degree	23.5%	+9.5%	+12.6%

Source: 2009-2011 American Community Survey (ACS) and Census 2010

Of the resident employed, nearly 80 percent work outside their current place of residence (outside of the Town of Danville) with the mean travel time to work at 32 minutes. Just over nine percent of the civilian employed worked at home. Secondary sources do not provide information related to specific worker movement, therefore it is difficult to ascertain where the large amount of civilians are commuting for work (Greater East Bay, Tri-Valley, etc.). Although it is known that nearly 48 percent of these workers commute outside of Contra Costa County.

Table 5: Resident Travel Time to Work

Travel Time to Work	
Mean travel time to work (minutes)	32.0
Less than 10 minutes	8.8%
10 to 14 minutes	12.9%
15 to 19 minutes	11.1%
20 to 24 minutes	13.4%
25 to 29 minutes	4.4%
30 to 34 minutes	11.9%
35 to 44 minutes	7.8%
45 to 59 minutes	11.5%
60 or more minutes	18.3%

Source: 2009-2011 American Community Survey (ACS) and Census 2010

³¹ For the comparative columns, if the number is negative it indicates that Danville's portion of the resident population with that highest level of education is lower than the County or State average, if it is positive it indicates Danville has a higher portion of residents at that education level.



SALES TAX IN DANVILLE

The 2030 General Plan update that was adopted for Danville in March of 2013 identified strengthening the Town's economic and fiscal vitality as a Town objective. According to Danville's August 2013 budget projections, sales tax revenue³² represents over a quarter (27%) of Danville's total general fund revenue for 2013. Sales tax revenue not only represents a sizeable portion of the Town's revenue it also provides an opportunity for local economic development to strengthen Danville's fiscal vitality. The following assessment provides a description of Danville's sale tax composition and how it is changed in the recent past.

Danville's Sales Tax Composition

Danville's sales tax revenue is largely generated from general retail establishments (47%) and food products, including restaurants (25%). Danville's sale tax revenue is considerably more concentrated in retail and food than California as a whole, which only derives 29 percent from general retail and 19 percent from food products. Sales tax industries in Danville such as transportation (18% for Danville and 25% for California) and business to business (7% for Danville and 17% for California) sales provide a much smaller portion of Danville's sales tax base that they do for California.

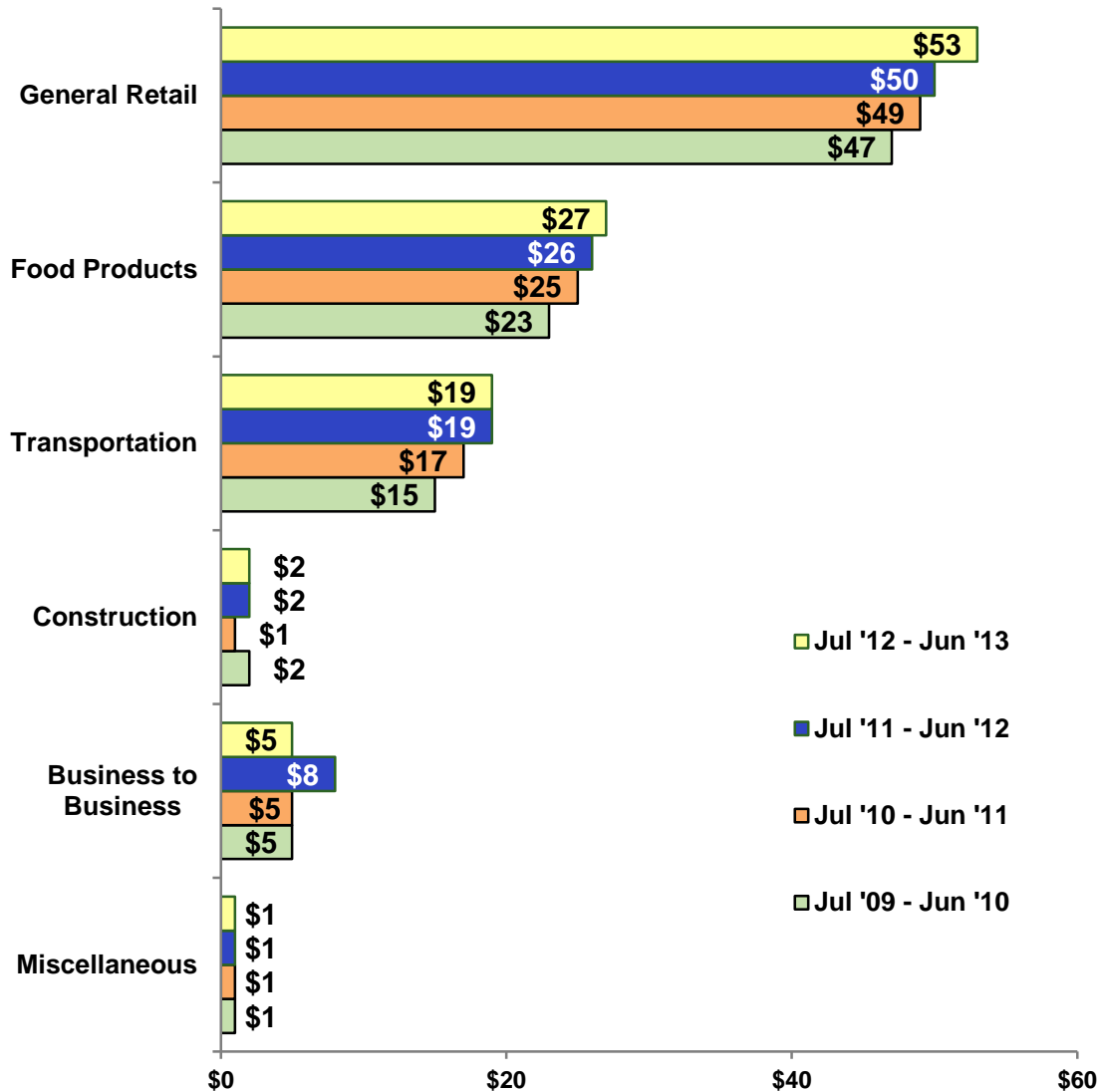
Danville's Changing Sales Tax Foundation

From July 2009 through June 2013, Danville has generally experienced an uptick in overall sales tax receipts, in most general sales tax category. As the chart on the following page shows, certain categories such as transportation spending (which include gasoline service stations, automotive repair and used car sales) saw the largest proportional increase over the four year period. If these trends continue, it bodes well for the recovery of the Town's transportation employment. Currently, sales tax revenue represents approximately 16 percent of all income for the Town of Danville, when you include the sales tax, triple flip.

³² This calculation includes Sales tax revenue and Sales Tax Triple Flip revenue from the state of California.



Figure 8: Annualized Sales Tax Per Capita by General Industry Type³³



³³ Source: California State Department of Finance (Muni) Q2 2013



DANVILLE'S ROLE IN THE REGIONAL ECONOMY³⁴

The regional economy is the foundational area that businesses, workers and customers consider when making economic decisions. Understanding the relationship between the local economy and the greater economic region is a critical step in developing a deeper awareness of workers considering where to work, businesses that are examining options for where to expand, or entrepreneurs seeking their next opportunity. This section of the report is meant to describe the role Danville plays in the regional economy and the opportunities it may have to better connect with the regional economy and the organizations that are supporting regional and local economic development.

Danville plays a valuable and somewhat unique role in both the Greater East Bay region (Alameda and Contra Costa County) and the Tri-Valley community (Town of Danville, and Cities of Dublin, Livermore, Pleasanton, and San Ramon). Regionally, Danville is seen as a valuable resource with a skilled and educated workforce that provides talent for many of the region's most demanding employers. As Contra Costa County and the Greater East Bay region are quick to identify an overall lack of highly skilled and educated workers, Danville is valuable in helping to overcome that gap.

From an employment perspective, Danville is a small part of the regional economy consistent with its population size. Danville represents just under five percent of Contra Costa County's employment and accounts for approximately 16 percent of the Tri-Valley's employment. However, overall employment size does not adequately describe Danville's importance in the regional economy; its highly educated resident workforce supports the national laboratories and the high technology employers that are located just outside of Danville's borders.

At the same time, while larger employers in export-oriented industries such as advanced manufacturing, life sciences, and telecommunications are more likely to be found in San Ramon or Pleasanton, Danville is more likely to have smaller employers who provide technical, scientific, or financial consulting services.

Regional Economic Development Organizations, Plans, & Initiatives

The following are descriptions and summaries of organizations, plans, and initiatives for economic development in the Greater East Bay, Tri-Valley, and Danville specifically. These descriptions are meant to provide an initial understanding of the economic development strategies that have already been implemented or are in the process of being developed.

The East Bay Economic Development Alliance (East Bay EDA)

East Bay EDA is a public/private partnership serving the San Francisco East Bay, including Alameda and Contra Costa counties. The EDA works to establish the East Bay as a world-recognized place to grow businesses, attract capital, and create quality jobs. Currently the East Bay EDA is focused on four primary initiatives:

1. Education & Workforce Development

³⁴ Several of the summaries and descriptions of organizations in this section are taken from their respective website and/or interviews with representatives from each organization.



2. Innovation & Marketing
3. Business Climate
4. Infrastructure, Transportation, & Land Use.

Spotlight on East Bay Assets 2011

Findings

The overall East Bay region shares many characteristics with the Town of Danville. A study commissioned by the East Bay Economic Development Alliance (EDA) in 2011 reported the following key findings:

- The proximity of, and access to, educational and research institutions provides an incubator for professional, scientific, and technical services.
- Population-serving industries constitute half the employment for the East Bay region and are expected to grow over the next several years (health care, retail, education, and food services).
- The majority of jobs are concentrated in businesses that have started and expanded in the area and are either small or medium-sized.
- The East Bay region is a net importer of jobs, with Santa Clara County as its largest trading partner.
- The overall workforce is highly educated and is a major driver of new investments and business expansion.
- The impending retirement of the baby boom generation (responsible for 7 out of 10 job openings over the next 10 years) will result in a shortage of qualified workers to fill positions.
- The Tri-Valley area is an important node for the office market (office space) and while not currently a focus of Danville, it could be an opportunity for growth in the future.

Recommendations

Based on the findings listed, the authors of the report made several suggestions to maintain and strengthen the region's economy. Of those, two stood out for their potential application within the Town of Danville.

First, the most important economic priority should be education and ongoing workforce development. The authors concluded that public education should be fully funded. A highly educated workforce is the main reason that businesses locate, invest, and expand in the area.



Second, small and medium-sized businesses should receive incentives to start, survive, and flourish in the East Bay. Options could include easing regulatory and permitting processes as well as encouraging networking and directing them toward business support services.

Source: Building on Our Assets: Economic Development & Job Creation in the East Bay 2011, East Bay Economic Development Alliance (EDA)

Contra Costa Economic Partnership & Diablo Innovation Alliance

The Contra Costa Economic Partnership (CCEP) is a coalition of business, government, and education leaders dedicated to retaining and creating quality jobs for Contra Costa to maintain the county's quality of life. Since 2001, CCEP, a nonprofit economic development corporation operating in the Contra Costa/East Bay area, has managed the STEM Workforce Initiative and, through The Initiative, has served as an intermediary in the East Bay focused on developing the STEM (Science, Technology, Engineering, Math) workforce.

For more than a decade, its role has been to convene, connect, communicate, collaborate, and coordinate sustained bridging activities between business and education that align high school reform strategies with local economic development needs that focus on the long-term workforce pipeline into the high-wage, high-skill, high-demand careers available now or projected in the East Bay region.

Led by the CCEP, the Diablo Innovation Alliance (DIA) is focused on emerging clean technology sectors that drive regional economic growth in the East Bay and DIA includes members from Contra Costa, Alameda, and Solano counties.

Spotlight on Contra Costa County: A Blueprint for Growth

Findings

Contra Costa County faces several economic development challenges not unlike the greater East Bay area. A report released by the Milken Institute in 2012 highlights these challenges and offers a strategy moving forward. The following are key findings from the report:

- When compared to the Bay Area, Contra Costa County maintains fewer higher-paying jobs (computer/mathematical, architecture and engineering, legal, etc.).
- Thirty-nine percent of the county's workforce commutes outside of Contra Costa County for work (66% talent leakage for life, physical, and social science occupations).
- The manufacturing base has contracted by 10,000 jobs since 1990.
- Job growth in the county is more likely to be concentrated in lower-paying occupations.



- Contra Costa County has comparative advantages in biomedical research and manufacturing, telecommunications, financial services, and advanced consulting.

Recommendations

The authors were able to refine their suggestions into three core areas that may be of interest to the Town of Danville. These recommendations focus on resources that are either already thriving in the county or are underutilized.

Contra Costa County should support industries that have the highest collaboration potential within the county. The authors put bioscience/medicine, technology/engineering, and consulting/professional services at the top of the list. These industries have experienced expansion in the county while developing close connections with other industries in the regional market.

The current talent pool in Contra Costa County (science, engineering, management, and mathematics occupations) can be drawn on to expand the knowledge-based industries in the region. In effect, this could potentially lower the talent leakage rate for the county.

Finally, partnerships among stakeholders and jurisdictions should be nurtured. This includes a focus on workforce development, programs and incentives for business retention and development, and increased access to capital for startups.

Source: Contra Costa County: A Blueprint for Growth 2012, The Milken Institute for CCEP

East Bay Leadership Council

The East Bay Leadership Council is a public policy advocacy organization that promotes the economic vitality and quality of life of Contra Costa County and the San Francisco Bay Area region. The Council engages on issues of critical importance to the business community and residents of the county, balancing the needs of a diverse county through policy efforts that provide for local and regional economic development.

Workforce Development Board of Contra Costa County

The Workforce Development Board (WDB) is a 41-member, business-led body whose members are appointed by the Contra Costa County Board of Supervisors to shape and strengthen local and regional workforce development efforts. The WDB brings together leaders from business, economic development, education, labor, community-based organizations, and public agencies to align a variety of resources and organizations to enhance the competitiveness of the local workforce and support economic vitality in the region.

Tri-Valley Economic Development Organizations, Plans, & Initiatives

i-GATE Partnership

i-GATE is a regional public-private partnership designed to support small businesses and maximize the economic potential of green transportation and clean-energy technologies. i-GATE provides collaboration opportunities, entrepreneurial education and assistance, an



Academic Alliance, and a business incubator for the development of high-growth green businesses.

Based in Livermore, California, the i-GATE partnership extends throughout the Tri-Valley region, including programs and special facilities at Sandia National Laboratories/California (the i-GATE "lead laboratory"), Lawrence Livermore National Laboratory, the Joint BioEnergy Institute, and the University of California campuses at Berkeley and Davis.

The i-GATE program sits at the core of an energy research knowledge cluster that fosters innovation, job creation, and the education of the future workforce in green technologies. Through i-GATE's National Energy Systems Technology (NEST) business incubator, young technology businesses are assisted with business expertise, a support network, access to national laboratory facilities, and collaboration opportunities.

i-GATE's startup incubation activities fundamentally focus on helping startups accomplish two things:

1. Validate whether there is a market for the technology being developed by the entrepreneur.
2. Help the entrepreneur accelerate the development of their technology and penetrate the market.

i-Gate's new network based approach is focused on supporting start-ups by providing support with assets (facilities and new business infrastructure), capital (investors and human capital), advisors (technical and business element advisors), connectivity to research institutions (National Laboratories and Universities) and access to service providers (Legal, Accounting and Contract Manufacturers).

Innovation Tri-Valley

Innovation Tri-Valley is committed to supporting the economic health and a high quality of life in Tri-Valley for the entire community by a supporting a quality K-12 and higher education system and prepared workforce, a sustainable environment, and business policies that keep the region competitive.

The organization is currently working to support business innovation by building awareness and establishing a regional identity and facilitating business and community connections to strategic relationships.

Visit Tri-Valley

Visit Tri-Valley is the destination sales and marketing organization for the cities of Pleasanton, Livermore, Dublin, San Ramon, and Danville and the surrounding region. It promotes Tri-Valley area as a preferred destination for visitors, meetings, and events. It is a customer-orientated organization that balances the demands of its local stakeholders with the requirements of the marketplace.



Danville Economic Development Organizations, Plans, & Initiatives

Danville Area Chamber of Commerce

The Danville Area Chamber of Commerce was founded in 1948 to serve the business communities of Alamo, Blackhawk, Danville, Diablo and, originally, San Ramon. Today Alamo and San Ramon have their own Chambers but the cooperative spirit is still evident in these communities.

The Chamber is comprised of four professional staff, a Board of Directors comprised of 15 business representatives, and approximately 550 business, non-profit, and service organizations. They are there to serve their members through education, promotion, and advocacy. They have a myriad of business events including monthly mixers, seminars, business by referral leads groups, and special annual networking events.

Discover Danville Association

Discover Danville Association (DDA) is a collective group of downtown businesses that seek to improve the economic vibrancy, town centricity, and tourism while maintaining the village atmosphere. The DDA is accomplishing this by working with local government and like-focused organizations to drive progressive change in the development of the downtown and promote Danville as a whole.

With other East Bay locales spending much time, energy, and money on the revitalization of their downtown areas, there is increased competition for the time and attention of residents of the Tri-Valley area, particularly Danville, Alamo, Diablo, and San Ramon. This competition is pulling local residents away from Danville's potential as a shopping and recreational destination.

To keep these local residents invested in supporting Danville, the DDA believes we must increase awareness of Danville's shopping value, pedestrian safety, recreational viability, and appealing charm with East Bay consumers. The vision is an attractive, vibrant downtown lined with flowers, benches, and lighted trees, bustling with local residents shopping in the many interesting shops in Danville's charming atmosphere or as the Association's slogan suggests "small town charm, sophisticated choices."

Blueprint for Action: Shop Danville

The Blueprint for Action provides a marketing program to promote Danville as a unique shopping destination of choice for local and regional consumers. The marketing plan included an identification of target segments and an action plan meant to establish Danville as a unique, first-rate local and regional shopping destination of choice.

2008 Economic Development Strategy (Danville)

A 2008 document identifies three goals and several objectives for economic development in Danville, including:

1. Promote and encourage a diverse and healthy local economy, within an appropriate scale and character, as a means of supporting and outstanding quality of life for all town businesses and residents.



2. Promote economic and business development through appropriate capital investment.
3. Identify opportunities to integrate and promote Danville and Danville businesses within the sub-regional and regional economy.



PHASE 2: INPUT FROM DANVILLE'S BUSINESS COMMUNITY

The second phase of research for Danville's comprehensive economic development analysis was focused on gathering a broad range of feedback from Danville's businesses, including retail establishments, home-based businesses, as well as consultants and service providers all based within the Town of Danville. The input from Danville's business community is critical in understanding employer's expectations for future growth and the local and regional issues they perceive as most important for their growth and success. The business survey also provides more detailed information on how Danville businesses connect with other customers and businesses and how they perceive Danville's business climate.

Employer Feedback Process

Nearly 2,000 employers in the Town of Danville were contacted by mail and asked to participate in either a phone or web version of the business survey. The Danville Chamber of Commerce provided a database of members that were sent survey invites for the online survey. Lastly, employers that did not complete the survey in response to the mailed invitations or web invites were called and asked to complete the phone version of the survey. For more information on the survey methodology, see Appendix C.

Why Businesses Locate in Danville

For Danville, the **quality of life found in the Town** is a key driver in understanding why businesses locate here and why new small businesses are created here.

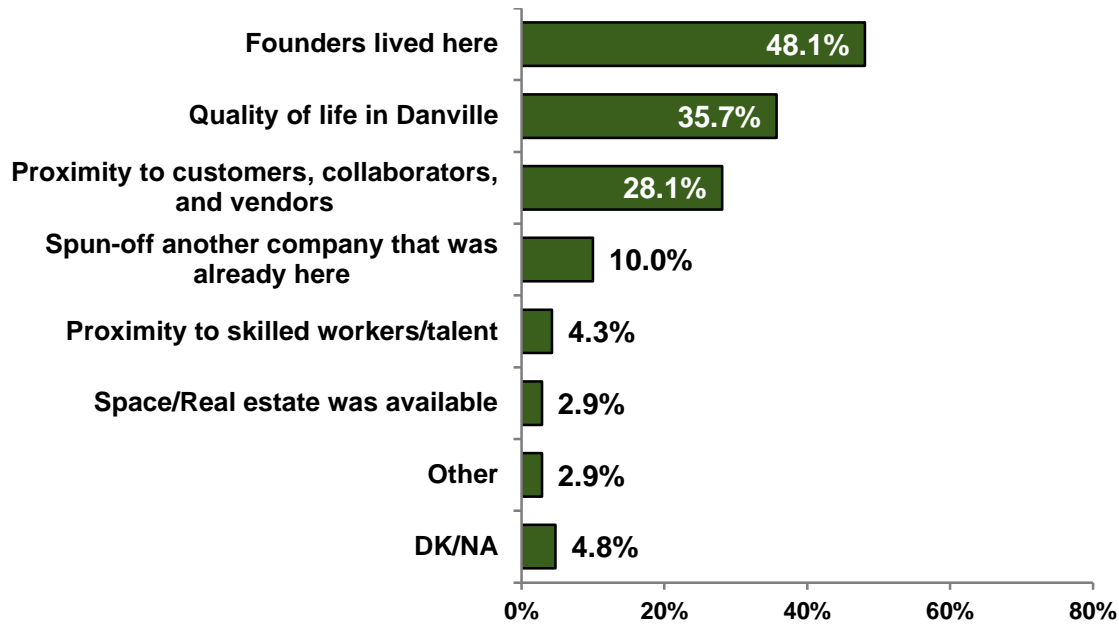
- **Seventy percent of Danville businesses** that participated in the employer survey indicated that either the quality of life in Danville or that the business founders lived in Danville were the main reasons that they were located here.
- The other key reasons businesses located in Danville, was its **proximity to customers, collaborators and vendors** (28%) or because it **spun-off from another company** that was already in Town (10%).

The assessment of business location decisions in Danville points to the importance of keeping work close to home for Danville's small business owners and entrepreneurs. This is important when considering strategies and programs to find and support new and growing businesses in Danville.



Almost half of companies that participated in the business survey revealed that the reason they decided to locate in Danville hinged on the fact that the company founders lived in town, followed by the quality of life in Danville. Businesses also indicated that the proximity to customers, collaborators and vendors (28%) as well as spinning off from a company that was already here (10%) were critical factors for being located in Danville.

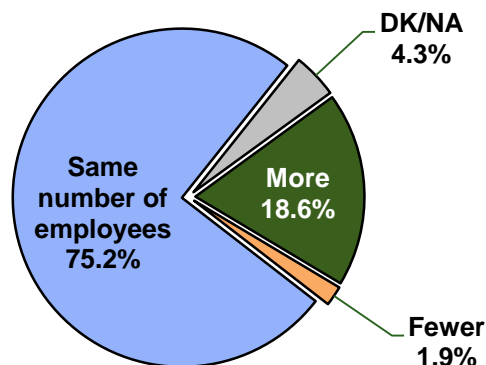
Figure 9: Reasons for Locating in Danville



Growth Expectations and Business Climate

Nearly one-fifth of businesses surveyed expect to grow over the coming year, while the majority of businesses expect to retain the same level of employment. Over one-fifth of brick and mortar establishments project to add more employees while only six percent of home-based businesses expect to increase in size.

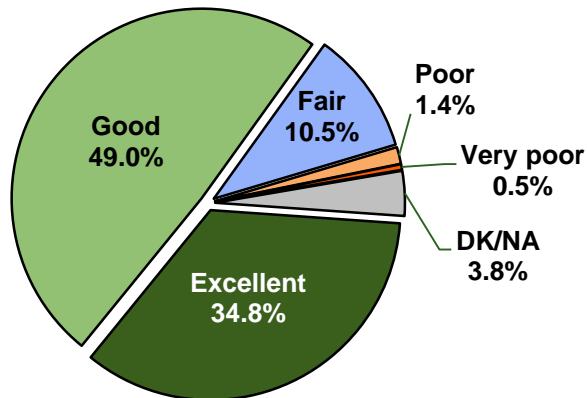
Figure 10: Employee Growth Expectations





Overall, Danville businesses rated the business climate in the Town highly with eighty-four percent of firms indicating that Danville was either an “excellent” or a “good” place to conduct business, with just under two percent of total respondents giving the business climate in Danville a “poor” or “very poor” rating. The overall ratings reinforce the notion that the Town is doing an effective job maintaining and conveying a good business climate in Danville.

Figure 11: Business Climate



In a follow-up question, over one-fifth of overall businesses said that nothing needs improvement when asked what the Town of Danville could do to improve business climate. Typically, in an open-ended question, such as this, only issues that resonate with a considerable portion of the business community will receive 10 percent or more of respondents identifying a common concern or area to improve. In Danville, these key issues include;

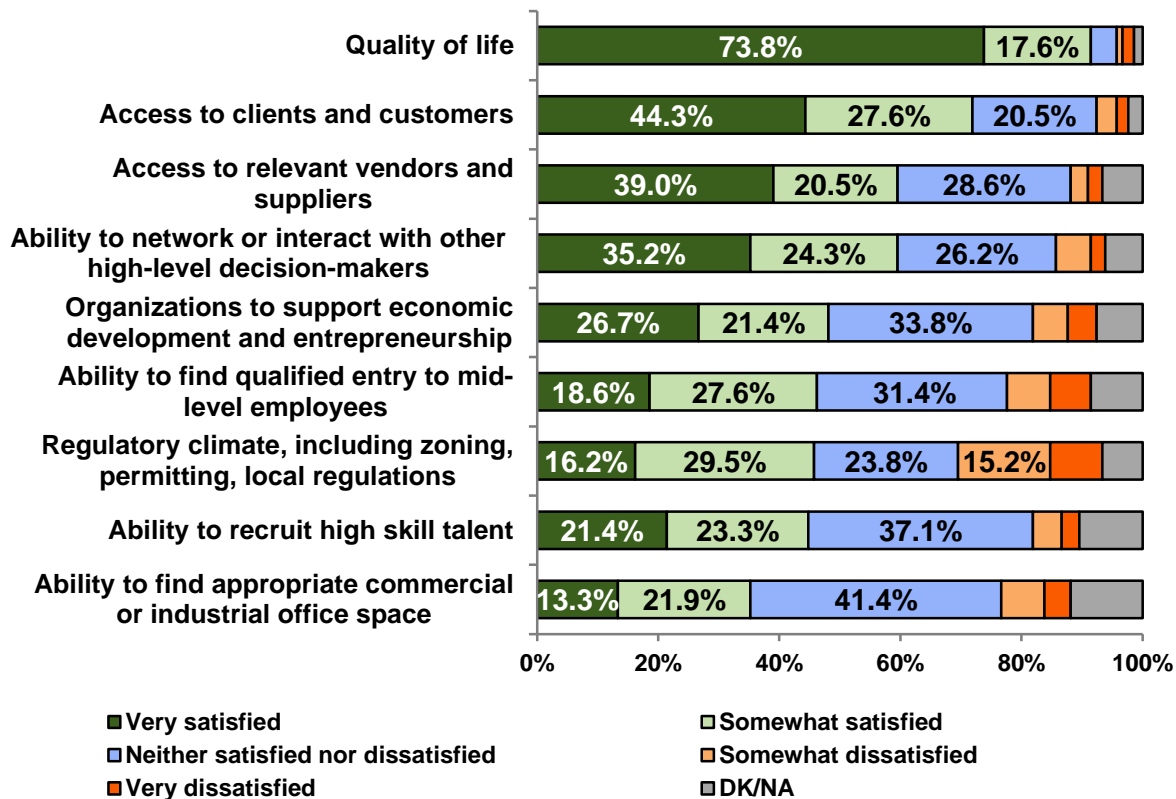
- “Expand parking” (14%);
- “Provide more services to local businesses (small business help, marketing, networking, etc.)” (13%); and,
- “Increase signage opportunities near your business” (11%).



After Danville businesses gave open-ended feedback on issues they would like to see improved in the Town's business climate, they were then asked their level of satisfaction with specific components of business climate. Quality of life carried the highest satisfaction rating among businesses in Danville, with over nine in ten signifying their overall satisfaction. Businesses also said that they had high satisfaction with access to clients and customers (72% overall satisfaction), which is not surprising given the high proportion of population serving establishments within the Town of Danville.

Danville businesses expressed the lowest overall satisfaction with their ability to find appropriate commercial or industrial space (35%) and their ability to recruit high skill talent (45%). Not surprisingly, the regulatory climate in Danville received the highest level of respondents indicating their dissatisfaction ("very" dissatisfied and "somewhat" dissatisfied) (24%), which is consistent with many of the business climate surveys BW Research has completed in other regions and communities.

Figure 12: Satisfaction with Issues and Attributes Regarding Business Climate

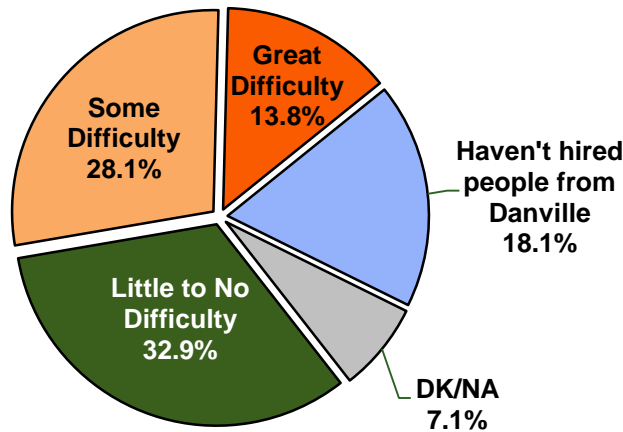




While nearly one-third of businesses surveyed said that they had little to no difficulty finding technically skilled applicants, almost 42 percent indicated that they had experienced at least some difficulty. The number of businesses with difficulty increases to just over 50 percent when examining only brick and mortar firms. This is important because it indicates in an environment with historically high regional unemployment, Danville's businesses particularly its brick and mortar firms are experiencing some difficulty finding a qualified workforce. This could become a bigger issue as we move from a historically loose labor market to a tighter labor market as the overall job market improves and more and more baby-boomers retire.

When looking at responses from just home-based business, over thirty-four percent said that they haven't hired people from Danville. Considering that many home-based businesses are sole proprietorships, this is not a surprising number. These small businesses also experience less difficulty finding technically skilled applicants (16%) than traditional establishments.

Figure 13: Difficulty Finding Technically Skilled Applicants

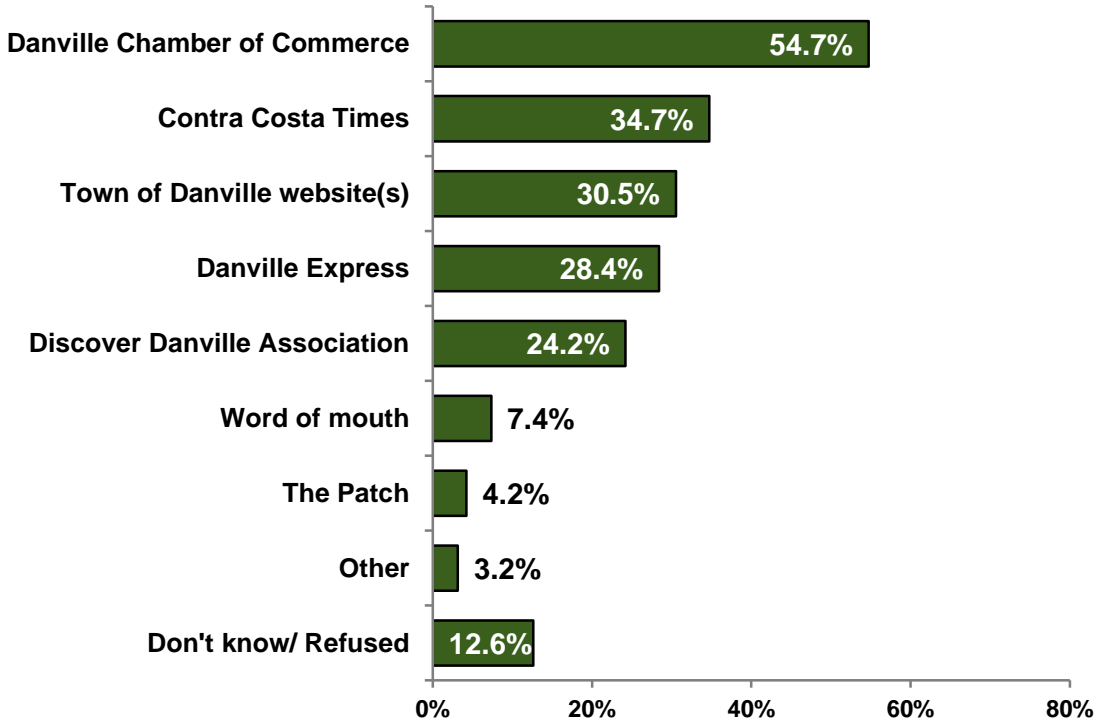




COMMUNICATING WITH DANVILLE BUSINESSES

Over half of all businesses that completed the web version of the survey used the Danville Chamber of Commerce as a general information source for the local business environment. This was expected as the Chamber of Commerce provided a database of members for invitation to take the web version of the survey. Almost 35 percent get their information from the Contra Costa Times, while over thirty percent use the Town of Danville's websites.

Figure 14: Information Sources for Local Business Environment



The largest proportion of survey respondents do not belong to a local or regional business or industry association and therefore were more likely to receive their information from the Town of Danville (websites) or the Contra Costa Times. Reported membership is as follows;

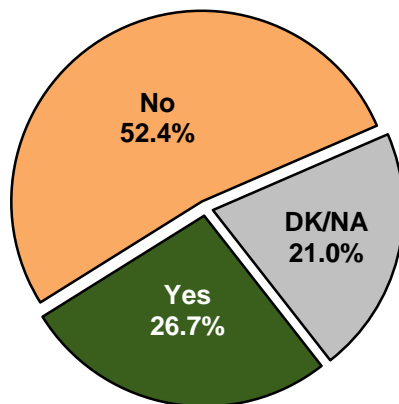
- Not a member of a local association (47%)
- Danville Chamber of Commerce (39%)
- Discover Danville Association (13%)
- Other association(s) (16%)



An opportunity exists for the Town of Danville to reach out to the business community as firms that do not belong to business associations tend to look elsewhere for information. Over half of all businesses surveyed had not received economic development information from the Town of Danville in the past, while over one-fifth couldn't recall whether or not they had.

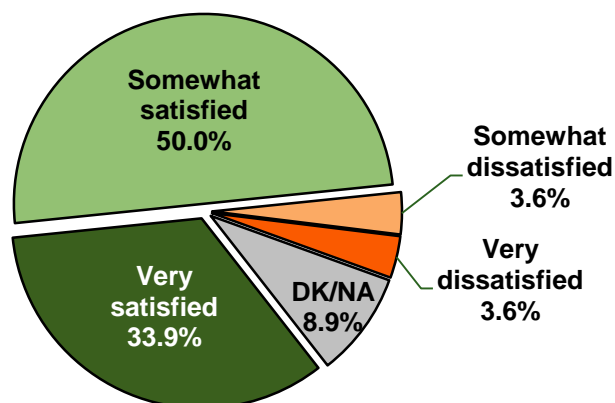
When looking at businesses without local association affiliation, the number that either hadn't or did not remember receiving information from the Town increases by nearly six percentage points.

Figure 15: Received Economic Development Information



Overall satisfaction related to Town provided economic development information is impressive. Over four in five businesses that received information in the past were either “very” (34%) or “somewhat” (50%) satisfied. Only a small portion (7%) expressed any sort of dissatisfaction. Creating more opportunities for local businesses to receive local economic development information is poised to raise satisfaction in a number of areas.

Figure 16: Satisfaction with Economic Development Information



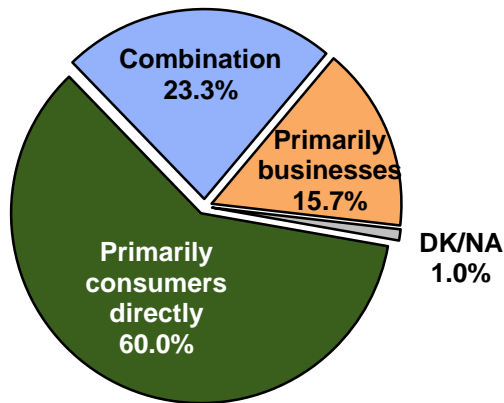
Nearly two-thirds of businesses would prefer to receive economic development information from the Town via email, while just over thirty-one percent desire traditional mail.



OVERALL DANVILLE BUSINESS PROFILE

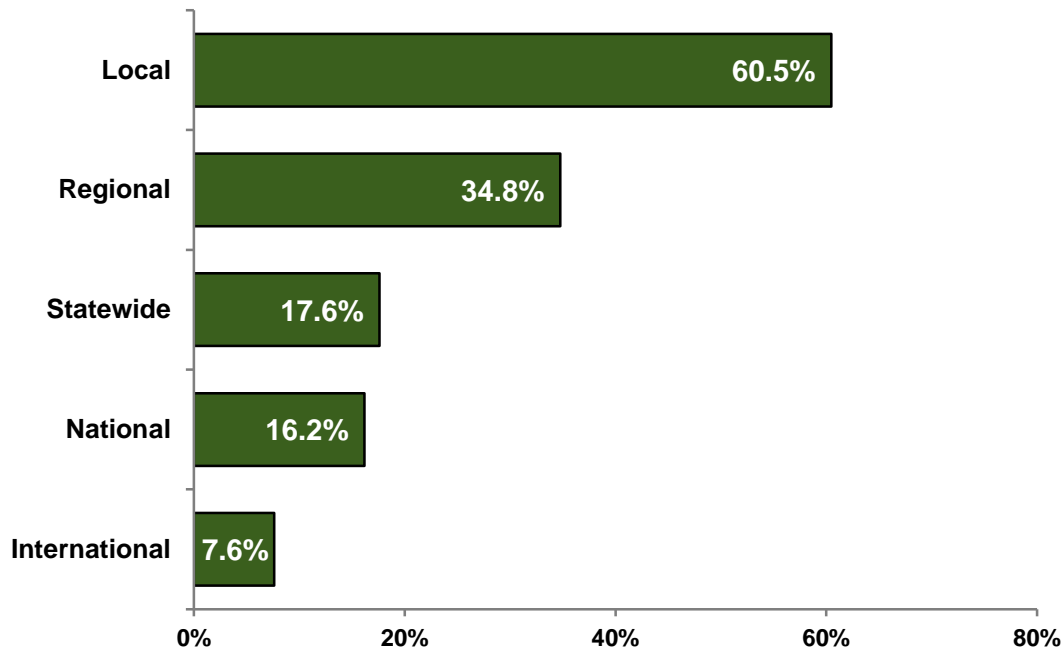
Three out of five Danville businesses surveyed cite serving consumers directly as their primary business focus, while sixteen percent are concentrated on serving businesses primarily.

Figure 17: Business Focus



As expected, considering that the Town of Danville has a heavy concentration of population serving industries, the majority of the customer pool for Danville businesses is either local or regional (the Bay Area). Few firms cited international sources among their clientele (8%).

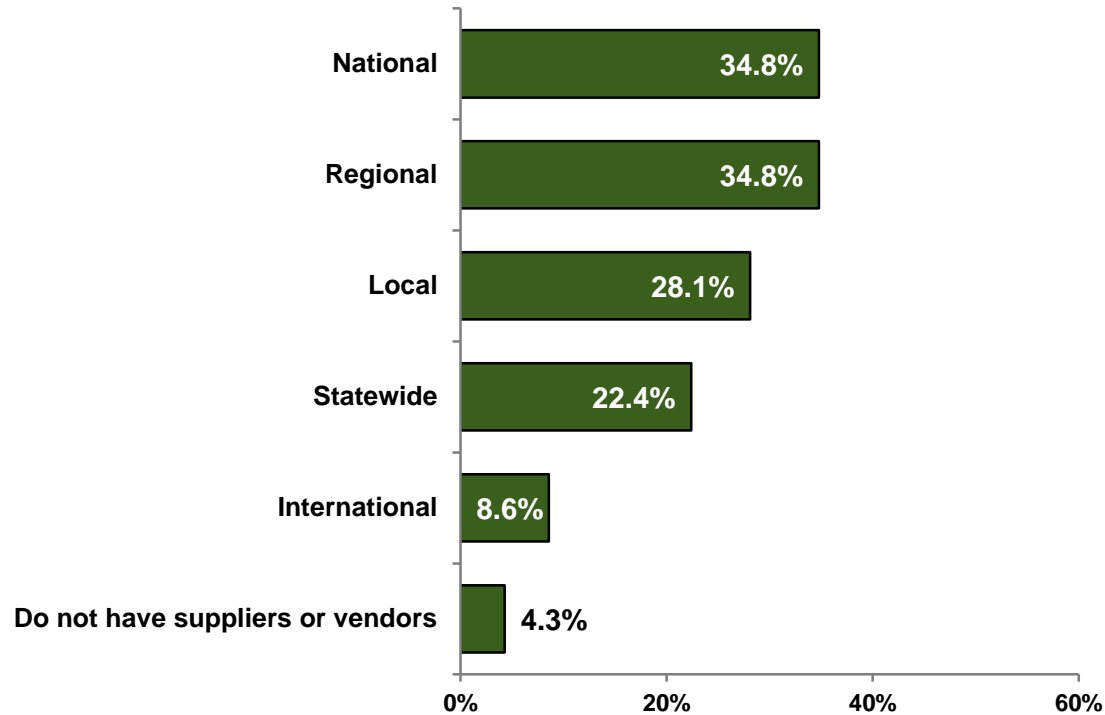
Figure 18: Customer Location Profile





Supplier and vendors for the highest proportion of Danville firms are located in the Bay Area (regional) or at the national level. Over twenty-eight percent of businesses indicated that their suppliers and vendors are primarily at the local level (Danville and the Tri-Valley).

Figure 19: Supplier and Vendor Location Profile





HOME-BASED BUSINESS PROFILE

Danville's home-based businesses are a valuable component of Danville's business community. According to the response from the employer survey approximately one in four Danville businesses are a home-based business (23%). Danville's home-based businesses are likely to be found in technical, professional or technology consulting (37%), the real estate or building industry (20%) or personal care and related services (16%).

- Four out of five home-based Danville businesses gave the Town an excellent or good rating as a place to do business but at least 10 percent of home-based businesses were dissatisfied with the ability to find office space, the regulatory climate and the organizations that support economic development and entrepreneurship.
- Just under one-quarter (22%) of Danville's home-based businesses indicated they had received information from the Town's Economic Development Department and they were less likely than non-home-based businesses to be a member of a local or regional business or industry association such as the Chamber of Commerce.
- Home-based businesses were considerably less likely to identify any local rules, regulations, or requirements that they would like to see changed to help their business.



CONCLUSIONS & RECOMMENDATIONS

The following conclusions and recommendations are based on the research findings from phases 1 and 2 of Danville's comprehensive economic development analysis.

Strengths & Opportunities for Danville's Economy

Danville's economic strengths are built off of;

1. **A high quality of life** that supports both the business community and the residents that live and work in the community. Of the nine specific components of Danville's business climate that were evaluated by the business community, quality of life received the highest level of satisfaction with over 90 percent either very (74%) or somewhat (17%) satisfied.
2. **An educated and entrepreneurial workforce** that provides the high-skilled workers that Tri-Valley's employers require as well as the entrepreneurs to grow new businesses within the region. Danville's economic resiliency through the great recession is largely attributed to a workforce that has remained employed in a historically loose labor market.
3. **An attractive downtown that hosts Danville's robust retail and restaurant community.** Danville's retail and restaurant establishments account for a majority of the Town's sales tax revenue and support the community's high quality of life.
4. **An emerging consultant based economy** that serves both the affluent residents in and around Danville as well as the regional businesses that make up the Tri-Valley's innovative economy. Micro-businesses (4 or less employees) in finance and wealth management as well as professional, technical and scientific services have seen solid growth in Danville from 2006 through 2012.
5. **An affluent residential community** that allows many of the Town's businesses to primarily focus on serving Danville's population. Businesses like personal care services, full-service restaurants and florists that all have a high concentration in Danville, are typically found in higher net worth communities.

These economic strengths help us understand the relationships that have developed in Danville over the last few years and provide some sense of what could develop in the near future.

Weaknesses & Challenges for Danville's Economy

While Danville's economic weaknesses are not as pronounced as their strengths, there are issues and challenges that should be considered;

1. **A disconnect between Danville's business employees and its resident workforce.** Danville's businesses are often focused on finding employees in customer service positions (retail and restaurants) while Danville's resident workforce is typically looking for employment in professional, technical and



management positions. Less than half of Danville businesses indicated they were satisfied with their ability to recruit high-skill talent and this was particularly the case with many of Danville's brick and mortar establishment that typically recruit for customer service positions.

2. **Growth that is focused on the creation of new businesses** rather than the expansion of current ones. According to the business survey, less than one in five current Danville businesses expects to increase employment in the next 12 months. This is a relatively low number in comparison to other employer expectations we have tracked in another communities. In Danville this is due to the reality that most growth comes from new businesses being created and that is challenging for the business community because it requires the business community to continually re-connect with a churning and volatile business space.
3. **An emerging consultant based economy that is facing challenges** finding office space and connecting with the business opportunities they are looking for in and around Danville. The results of the business survey indicate that consultants and home-based businesses are not satisfied with their ability to find office space in Danville and would like to have better information on the business opportunities that exist in Town and the surrounding region.
4. **A sales tax base that generates relatively little revenue from transportation and business to business services.** A comparison of Danville's sales tax revenue to California's reveals a community that is highly dependent on retail and restaurant sales to generate revenue for the Town. Sales in transportation and business to business services offer opportunities to serve the Town's entrepreneurial workforce while increasing the Town's fiscal vitality.

Indicators for Danville

Economic indicators represent a valuable opportunity for the Town of Danville to track different components of the local and/or regional economy and learn how the business community is changing. For the initial assessment of economic indicators we have identified three general indicators;

- **Growth of micro-businesses in target industry clusters:** Businesses with four or fewer employees are typically the first or second phase of a new business and often encapsulate entrepreneurial activity, particularly in a small business environment. The indicators for micro-businesses are delineated by the target industry clusters we have recommended for Danville, professional, scientific and technical services, tourism & hospitality, retail, finance and wealth management, and real estate, rentals and leasing.
- **Growth of larger-businesses in target industry clusters:** Businesses with five or more employees are often changing their emphasis to starting a new business to managing and growing their current business and emphasizing the importance of hiring new employees. These indicators are also delineated by the recommended target industry clusters.



- **Track Danville's commercial real estate environment:** Space and office space in particular was an important element in the feedback we received from Danville businesses. The tracking of Danville's commercial real estate is important to better understand the opportunities available to Danville's entrepreneurs. While high rental rates and low vacancy rates are good for commercial space owners, they should be balanced against the needs of entrepreneurs and new businesses.

Growth of the Micro-Business Community

There were 1,365 verified entrepreneurial or micro-businesses³⁵ in the Town of Danville in 2012 which accounted for nearly 72 percent of all Danville businesses. Micro-businesses are defined as firms with four or fewer workers. It is important to note that we are tracking micro-businesses (4 or less employees) and not small business (9 or less employees) because we want to more closely track entrepreneurial activity and not those small businesses that are ubiquitous in Danville. For workers that derive a sizeable amount of income from self-employment³⁶, some of the most represented industries³⁷ include;

- **Professional, Scientific and Technical Services** (Approximately 218 verified micro-businesses and 469 self-employed workers in 2012) - The majority of self-employment in this industry was concentrated in management consulting services and legal services.
- **Retail** (Approximately 188 verified micro-businesses and 133 self-employed workers in 2012) – Self-employment for this industry is heaviest in direct selling establishments (portable stalls, street vendors, etc.).
- **Finance and Wealth Management**³⁸ (Approximately 120 verified micro-businesses and 69 self-employed in 2012) – When including extended proprietors to those that are primarily self-employed, the majority of workers are located in miscellaneous intermediation, investment advice, and portfolio management. Given the limited number of individuals that consider finance and wealth management as primary employment, it is likely that the vast majority of workers in the industry's micro-businesses provide financial advice in addition to their regular full-time jobs.
- **Real Estate, Rental and Leasing** (Approximately 112 verified micro-businesses and 236 self-employed in 2012) – Nearly six out of ten self-employed classified jobs in the industry are located in offices of real estate agents and brokers.
- **Tourism and Hospitality** (Approximately 45 verified micro-businesses and 221 self-employed workers in 2012) – Reported self-employment in this industry is highest in independent artists, writers, and performers and food service contractors (caterers, food concession, etc.).

³⁵ Source: InfoUSA 2012, verified businesses.

³⁶ Defined as employment for which self-employment is either the primary or a significant source of work. This is different than extended proprietors who are similar to the self-employed, except that their reported employment in the industry is less than primary. Source: EMSI Complete Employment 2013.3

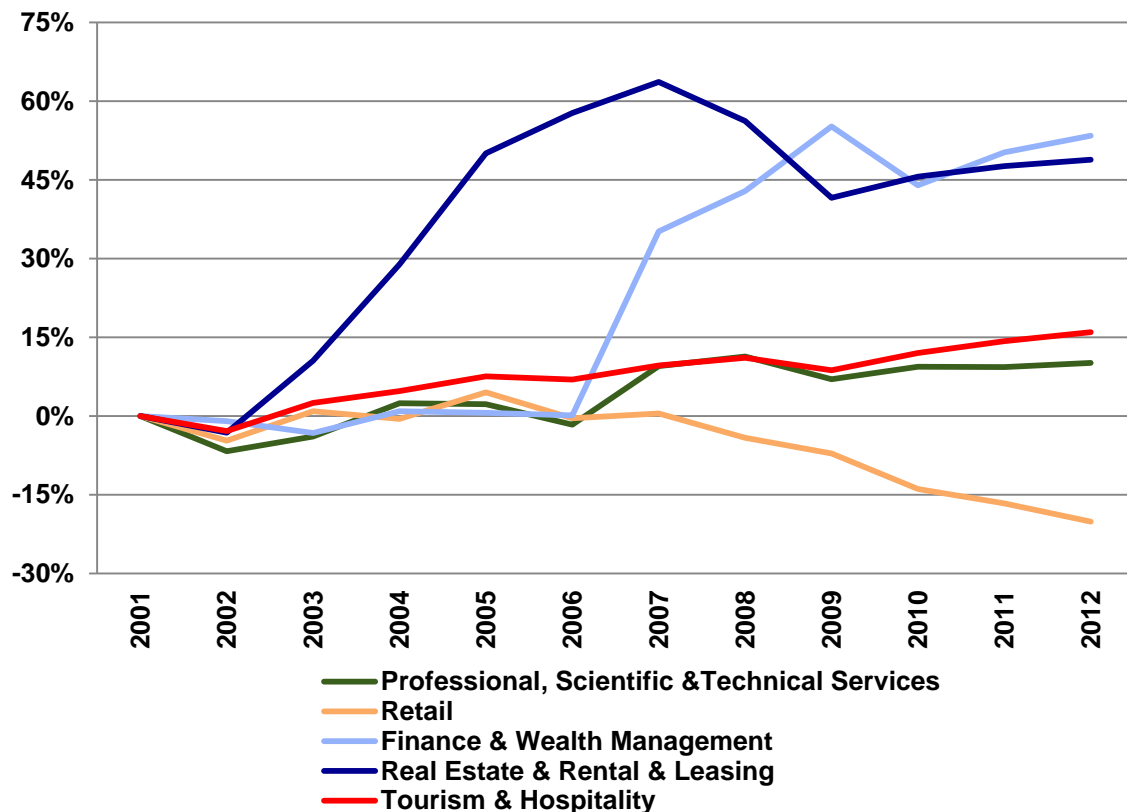
³⁷ Defined as industries or industry groupings at the 2-digit NAICS level (broad clusters).

³⁸ Includes insurance



The following figure highlights the growth (including extended proprietors) over the previous 11 years for the four most noteworthy industry clusters in the Town of Danville. Finance and wealth management and real estate and rental and leasing each experienced growth of over 48 percent since 2001. Professional, scientific and technical services expanded by just over ten percent in the same period, while tourism and hospitality grew by sixteen percent. Retail has experienced a decline of over twenty percent in the micro-business community since 2001.

Figure 20: Micro-business Industry Growth from 2001 to 2012 (Self-employed and Extended Proprietor)³⁹



Extended Proprietors and Finance and Wealth Management

While self-employed workers in the industry declined by over 30 percent since 2001, extended proprietors increased by nearly 70 percent. Extended proprietors represent individuals that derive miscellaneous income from the industry while not considering the work a primary job⁴⁰. Therefore, many extended proprietors likely hold full-time traditional jobs and are active at least part-time in finance and wealth management as consultants, portfolio managers, etc. This is typically seen as a second job or one that part-time entrepreneurs or transitioning over to full-time opportunities

³⁹ Source: EMSI Complete Employment 2013.3

⁴⁰ Source: EMSI Complete Employment 2013.3



Growth of Larger Businesses in Danville

The Town of Danville was home to 537 verified businesses with five or more employees in 2012. This number represents just over 28 percent of all companies listed in the Town. In examining similar industries as the previous section, the following information displays establishment count and traditional employment for larger businesses within the Town of Danville;

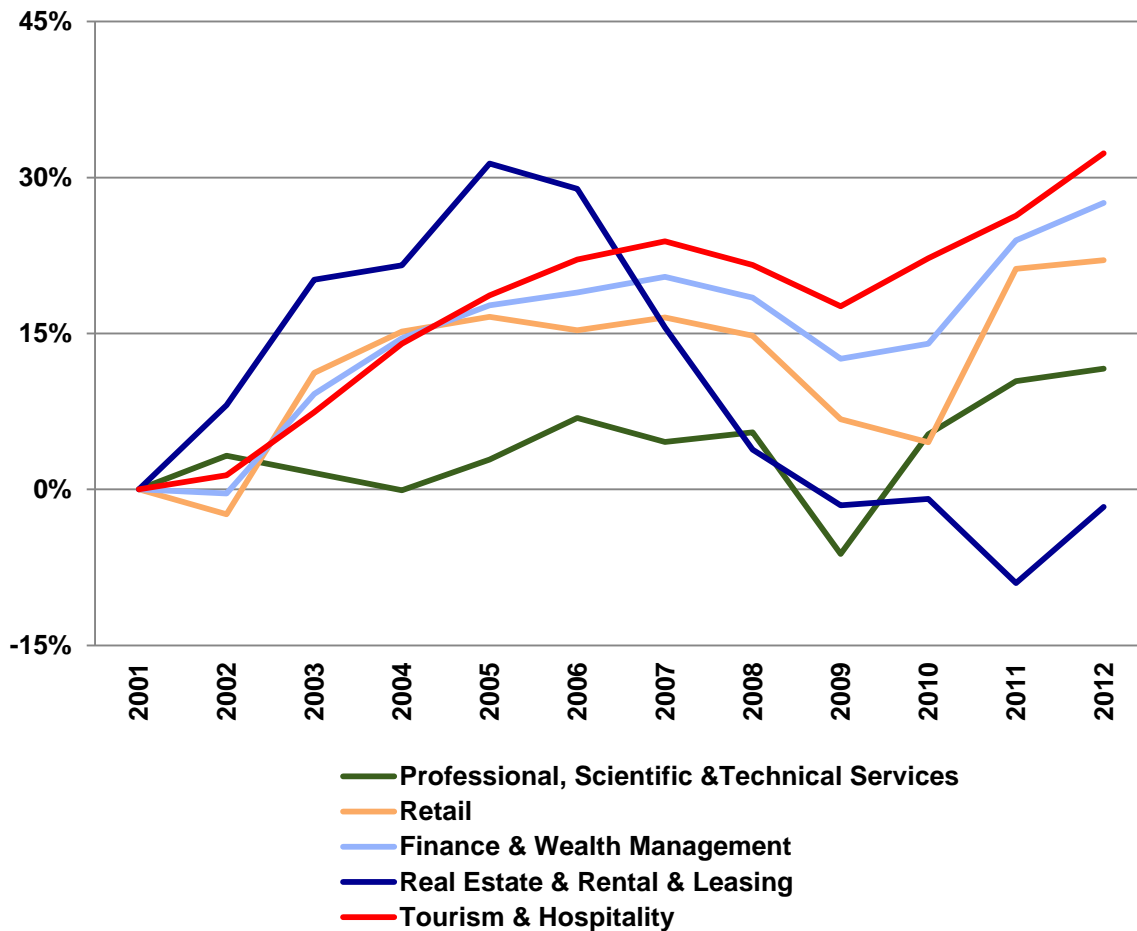
- **Professional, Scientific and Technical Services** (Approximately 56 verified businesses and 1,202 workers in 2012) – A good portion (45%) of traditional employment in this industry can be found in management consulting services, custom computer programming and computer systems design, and legal services.
- **Retail** (Approximately 80 verified businesses and 1,882 workers in 2012) – Nearly thirty percent of traditional retail employment is in food and beverage stores.
- **Finance and Wealth Management** (Approximately 40 verified businesses and 643 workers in 2012) – Almost nine in ten employees in larger businesses associated with finance and wealth management work for insurance carriers, agencies, brokerages, and other insurance related activities, and credit intermediation and related activities (commercial banking, etc.).
- **Real Estate and Rental and Leasing** (Approximately 38 verified businesses and 600 workers in 2012) – Seventy-one percent of traditional employment is located in real estate with 29 percent of employees in the industry cluster work in rental and leasing (consumer goods rental, etc.).
- **Tourism and Hospitality** (Approximately 87 verified businesses and 1,845 workers in 2012) – The largest portion of traditional employment within the industry in Danville is located in full-service restaurants and golf courses and country clubs.⁴¹

As displayed in the following figure, for businesses that employed five or more workers, tourism and hospitality grew the most (32%) from 2001 to 2012, while retail grew by 22 percent, professional, scientific and technical services expanded by nearly 12 percent, and real estate and rental and leasing increased employment by a modest three percent. Larger finance and wealth management businesses in Danville decreased by nearly two percent over the same time period.

⁴¹ NAICS industry classification



Figure 21: Larger Business Industry Cluster Growth from 2001-2012



Commercial Real Estate

Commercial real estate, particularly office space in Danville is a valuable commodity, not just because it demands a relatively high rental rate and has low vacancy rates, but because of the opportunity it can provide to entrepreneurs and new businesses looking to take off in Danville.

According to Housing and Urban Development (HUD) second quarter of 2013 data, the Economic Advancement Research Institute (EARI) extrapolated Danville's commercial and business real estate vacancy rate at **3.4%**. This indicator of commercial business space demand indicates that Danville is at or just below maximum capacity for commercial and business space within the community. In comparison, Contra Costa County as a whole currently carries a commercial real estate vacancy of just under seven percent, double that of Danville.

Danville's relatively low commercial real estate vacancy is linked to the strength of the local economy. A healthy level of employment amongst Town residents increases demand for population-serving industries such as retail, full-service restaurants, accounting services and medical professions. These are also industries that typically lease commercial space,



keeping vacancy rates low. Danville's full-service restaurants and retail establishments are further buoyed by tourism into the area. The Town should be aware of the cost of high rental rates and low vacancy rates, they can lower the opportunity for entrepreneurs and new businesses to grow in Danville.

Recommendations

The following recommendations have been made based on the findings of Danville's comprehensive economic development analysis;

1. **Increase communication and connectivity with Danville's business community.** Over half of all Danville businesses surveyed had not received economic development information from the Town in the past, while over one-fifth couldn't recall whether or not they had. New strategies to connect with Danville's business community should be built around the target industry clusters and their preferred communication mediums. The Town of Danville, should also consider working with the local Chamber on their annual survey to better understand business input on issues and regulations controlled by the City.
2. **Identify Danville's target industry clusters and develop or facilitate support strategies tailored for each.** The four recommended industry clusters, professional, scientific and technical services, tourism, hospitality and retail, finance and wealth management, and real estate, rentals and leasing were identified because they represent growth industries for Danville and they share comparable workforce and economic development needs. This recommendation is based on the belief that business support services and strategies should be segmented by general industries as they more accurately reflect the specific needs of employers. For industry clusters such as tourism, hospitality and retail that could include a local communications campaign that highlights the quality and convenience of Danville businesses in this clusters and the benefits of buying local.
3. **Increase access to office space and support infrastructure for Danville entrepreneurs and new businesses.** The results of the business survey show that current businesses are less satisfied with the availability of office space than other components of the Town's business climate and the initial assessment of the Town's commercial real estate reveals that the overall availability of office space is low. Strategies should be considered for increasing access to office space for Danville's entrepreneurs and new businesses. Increasing access to Wi-Fi and improving other infrastructure to support these businesses should be considered as well.
4. **Identify, evaluate and collaborate on regional partnerships that support Danville's growing industry clusters by providing opportunities for networking, connecting with advisors and funding resources, as well as economic and workforce development.** The Town of Danville should examine the regional partners that can best serve the recommended industry clusters for Danville as they relate to economic and workforce development strategies.
5. **Improve Danville's sales tax base by expanding transportation and business to business service establishments** that will serve the Town's entrepreneurial



community while increasing the sales tax base. Danville should consider opportunities for providing space to new automobile show-rooms, including new innovative alternative fuel vehicles that would be consistent with the Town's emphasis on maintaining and improving the quality of life. Danville should also consider opportunities to expand business to business sales that would both increase sales tax revenue while also providing convenience for Danville's small business community. This could also include updating or expanding current and potential customer marketing survey and evaluating other strategies such as increased business hours to increase sales tax revenue.



APPENDIX A: 2013 ECONOMIC DEVELOPMENT ANALYSIS PROPOSED RECOMMENDATIONS

Recommendation 1: Increase Communication and Connectivity with Danville's Business Community

- 1.1 Develop monthly or quarterly communications (newsletter, single page highlights of Town's economic activity/opportunities) with Danville businesses that provide content focused on supporting businesses in Danville.
 - 1.1.1 Develop content that is focused on supporting current businesses and encouraging entrepreneurs in and around the Town. Emphasis should be placed on providing information specific to the Town's target clusters (see Recommendation 2) and opportunities both within the Town and the greater region, both the Tri-Valley and the Greater East Bay (*near term strategy*).
 - 1.1.2 Expand Danville's online resource portal to support new and existing businesses. The resource portal could feature content related to starting, operating and expanding a business; local commercial real estate availability; and other support information related to the targeted industry clusters (*long term strategy*).
- 1.2 Monitor economic health in Danville by developing a database of Danville businesses and track level of interaction with businesses by industry, employer size and location within Town.
 - 1.2.1 Work with the Danville Area Chamber of Commerce and local industry associations to annually track business climate and get specific feedback from industry on regulatory environment, workforce needs and opportunities for business development (*near term strategy*).
 - 1.2.1 Develop a five year historical analysis of business birth and death rates within Danville by industry, employer size, and location. Update this analysis on an annual basis and track interaction with the Town and its economic development programs. Identify whether the business was created in Danville, or was created outside of Danville and expanded into the Town (*long term strategy*).

Recommendation 2: Identify Danville's target industry clusters and develop or facilitate support strategies tailored for each

- 2.1 Identify the industry clusters the Town would like to analyze and engage.
 - 2.1.1 Review, revise and finalize the following list of industry clusters for Danville (*near term strategy*);
 - a. Professional, Scientific & Technical Consulting Services (including Information, Communications & Technology)



- b. Tourism, Hospitality and Retail (if possible, disaggregate data into its subcategories)
 - c. Finance and Wealth Management
 - d. Real Estate, Rentals and Leasing
- 2.1.2 Identify individuals and organizations within the Town that are willing to lead and organize engagement with each of the industry clusters (*near term strategy*).
- 2.2 Develop an understanding of industry cluster specific needs related to infrastructure, communications, regulations and workforce and business development.
 - 2.2.1 Develop industry cluster needs assessment based on regional information and business feedback; and implement strategies based on needs assessment (*long term strategy*).

Recommendation 3: Increase access to office space and support infrastructure for Danville entrepreneurs and new businesses

- 3.1 Facilitate opportunities for current home-based businesses and future Danville entrepreneurs to find office space in and around Danville
 - 3.1.1 Identify a database or databases that can provide available Danville office space for rent or lease. This information would provide easy one-stop shopping for current home-based businesses or entrepreneurs in Danville (*near term strategy*).
 - 3.1.2 Track commercial office space prices in Danville and determine whether opportunities are available to develop new small office space, or shared office, opportunities to support local home-based businesses and entrepreneurs (*long term strategy*).
- 3.2 Expand commercial related infrastructure to support Danville businesses
 - 3.2.1 Consider strategies to increase access to Wi-Fi and related communications infrastructure to support business connectivity and entrepreneurship within Danville (*near term and long term strategy*).

Recommendation 4: Identify, evaluate and collaborate on regional partnerships that support Danville's growing industry clusters by providing opportunities for networking, connecting with advisors and funding resources, as well as economic and workforce development.

- 4.1 Identify and connect on regional partnerships that support local industry clusters?
 - 4.1.1 Develop an informal committee of employers from each industry cluster to evaluate and prioritize regional partnership opportunities. Each of the regional organizations listed in Section 4.1.2 provide opportunities to support at least one of Danville's industry clusters (*long term strategy*).



- 4.1.2 Industry cluster committees could evaluate opportunities associated with the regional industry cluster regional organizations below. Specific relevant initiatives by each organization are in parentheses (*long term strategy*).

Greater East Bay

- East Bay Economic Development Alliance (Small Business Initiative and East Bay Broadband Consortium)
- East Bay Leadership Council (Economic Vitality & Infrastructure)
Tri-Valley and Contra Costa
- iGATE Partnership (new network based approach to support start-ups in technology related fields)
- Innovation Tri-Valley (Business innovation & Public-Private innovation)
- Visit Tri-Valley, formerly known as the Tri-Valley Convention and Visitors Bureau (Marketing campaigns and resources to increase visitors for Tourism, Hospitality and Retail)
- Workforce Development Board of Contra Costa County (Training and recruiting)
- Contra Costa Economic Partnership (Diablo Innovation Alliance & STEM Workforce Initiative)

Recommendation 5: Improve Danville's sales tax base by expanding transportation and business-to-business service establishments.

- 5.1 Identify and attract businesses in transportation and business-to-business service establishments that is consistent with the Danville brand
- 5.1.1 Track sales tax revenue on a quarterly basis and focus on those areas where Danville is seeing the most leakage or underperforming, and in the transportation and business-to-business services categories (*near term strategy*).
- 5.1.2 Consider strategies to allow for growth in the transportation sector. Targeted businesses could include but are not limited to showrooms for automakers that offer high-end environmentally cleaner automobiles, such as Tesla (*long term strategy*).
- 5.1.3 Consider strategies to expand business-to-business service opportunities among existing businesses. This could include businesses that would support local entrepreneurs, support consultants and home-based businesses that are foundation of the local economy (*long term strategy*).
- 5.1.4 Building on the findings of the 2008 Blueprint for Action (Danville's shop local campaign), conduct a quantitative segmentation study of the Town's current and potential customer base and evaluate strategies for increasing sales tax revenue including lengthening business hours, enhancing



communications efforts, and examining best practices of comparable shopping & dining environments (*near term strategy*).



APPENDIX B: GLOSSARY OF TERMS

Employed in a location - the total amount of workers employed in place as designated by the State of California Employment Development Department.

Export-Oriented – this refers to Danville industries or businesses whose primary customer base comes from outside of Danville and the immediate area.

Extended proprietor - similar to the self-employed, except that their reported employment in the industry is less than primary.

Human Capital – defined as the economic value of workers based on the capacity of their skills and abilities.

Large business – defined as a business with 25 or more employees.

Local economy – defined as the Town of Danville's economy.

Location quotient (LQ) - measures sector share of regional employment with its share of national employment. A LQ of 1.0 indicates equal sector share of employment between a region and the nation.

Medium business – defined as a business with between 10 and 24 employees.

Micro-business - defined as a business with four employees or less.

Population-Serving - this refers to Danville industries or businesses whose primary customer base comes from within Danville and the immediate area.

Regional economy – this can refer to the economy of the Tri-Valley, the East Bay, or the Greater Bay Area.

Resident workforce - individuals that live and work in a place as designated by the United States Census Bureau.

Self-employment - employment for which self-employment is either the primary or a significant source of work.

Share of local economy - a calculation based on the product of total workers and average earnings per workers for an industry as a share of the product of all workers and average earnings per worker in a geographic region.

Small business – defined as a business with nine employees or less.



APPENDIX C: REGIONAL COMPARISON DATA

TOWN OF DANVILLE

Danville's Self-Employed Profile

Danville establishments employ approximately of 24,000 workers⁴². These workers can be classified by different employment situations, such as whether they work for traditional employers or are self-employed.

Of the 24,000 workers in Danville⁴³, almost two-thirds (63%) work for traditional employers. Traditional employers are defined as those that report employment for the Quarterly Census of Employment and Wages (QCEW) and do not include self-employment or extended proprietors. An additional 2,600 are self-employed, and 6,800 have their own side businesses in addition to being employed elsewhere or being mostly retired.

The self-employed category includes unincorporated proprietorships and employment is expected to remain flat over the next several years. The largest delineations in this category are listed in the table below.

Table 6 : Employment in Self Employed Positions or Unincorporated Proprietorships

Description	2013 Jobs
Landscaping and Groundskeeping Workers	136
Hairdressers, Hairstylists, and Cosmetologists	127
Real Estate Sales Agents	124
Childcare Workers	122
Carpenters	101
Management Analysts	91
Construction Laborers	86
Managers, All Other	73
Maids and Housekeeping Cleaners	69
Graphic Designers	60

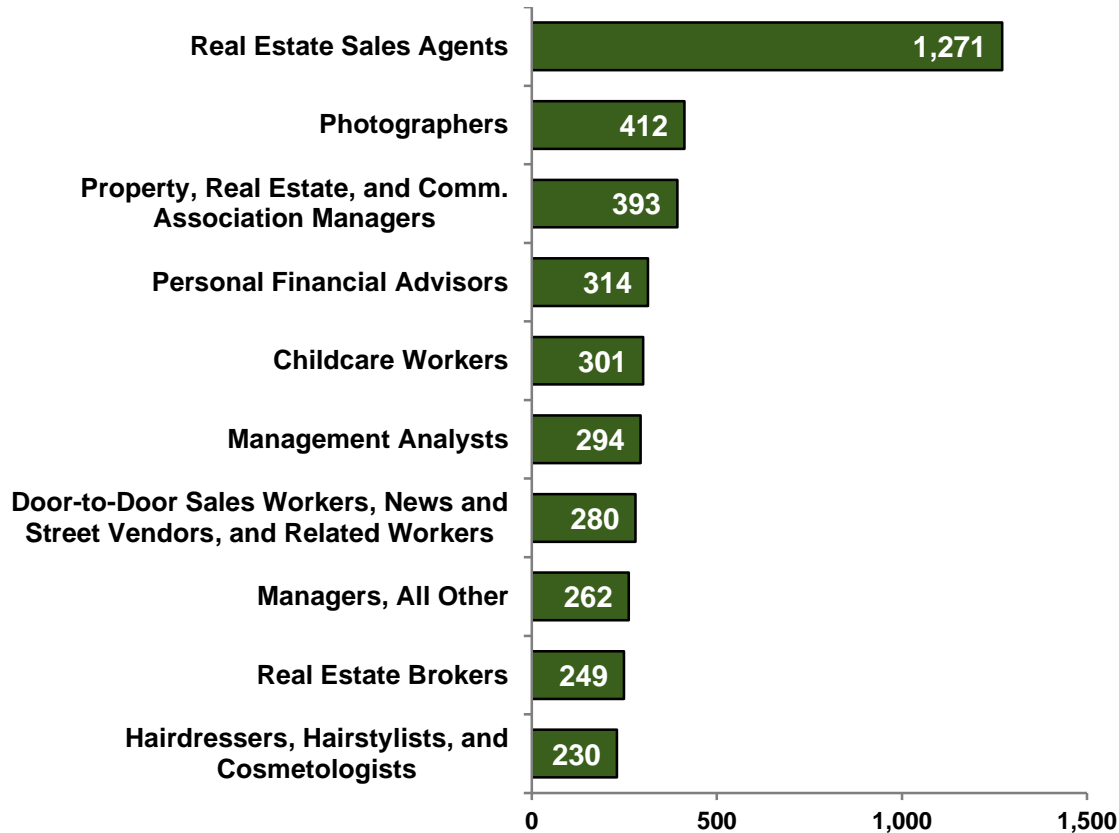
Source: EMSI Complete Employment 2012.4

⁴² EMSI Complete Employment 2012.4 – This estimate is taken from EMSI zip codes 94506 and 94526 with the assumed employment in Blackhawk (~1,500) removed from the total.



Self-employed positions tend to be population-serving. When including extended proprietors, which include semi-retired and secondary employment (i.e., side-work), employment is even more population serving, as seen among the top 10 occupations by size in Figure 22.

Figure 22: Extended Proprietor Employment (Semi-Retired & Secondary Employment)⁴⁴



The industries that are largest are fairly obvious from reviewing these occupations and are dominated by real estate, finance, and professional and technical services. This may be due to the nature of how “self-employed” is categorized and because export-oriented small businesses are more likely to incorporate. When looking at small business patterns in Danville, several important export industries arise.

The wholesale trade sector (76 establishments with fewer than 10 employees) employs 423 workers in the Town of Danville. The largest employer in the category is Global Markets Ltd. with 57 employees, followed by Publicis Selling Solutions (50 employees), and Ezbuyfurniture.com , Inc. (39 employees).

Within the Town of Danville, the computer programming and design sector employs 285 workers. The top five employers are: Web Radius, Inc. (23 employees); Web Financial

⁴⁴ EMSI Complete Employment 2012.4



Systems (23 employees); Web Wise Consulting Inc. (21 employees); R T Communications Inc. (21 employees); and Wilcox Associates Inc. (13 employees).

The largest of the potentially exporting industry categories in Danville is management, scientific, and technical consulting and other services, employing 1,750 people. However, this industry includes a mix of population-serving and export-oriented businesses. The top employers are listed in Table 7.

Table 7: Employment in Management, Scientific and Technical Consulting, and Other Services

Business Name	Industry	Local Employees
Capital Market Funding, Inc	Administrative Management and General Management Consulting Services (541611)	100
Profitable Internet Ventures, Inc	Other Scientific and Technical Consulting Services (541690)	35
Chamar Inc.	Other Management Consulting Services (541618)	23
Adsoft Direct, inc.	Administrative Management and General Management Consulting Services (541611)	18
Bausone Carmine Dvm Danville Veterinary Hospital	Veterinary Services (541940)	17

Source: EMSI Complete Employment 2012.4

ICT (Information, Communications, & Technology) is often characterized as the umbrella high technology industry cluster. This broad cluster includes smaller more specific industries such as software publishing, telecommunications, and information security.

Table 8: Industry Jobs and Growth (ICT)

NAICS	Description (Top 10)	2013 Jobs	2018 Jobs	% Change	2012 Avg. Annual Wage	2013 National Location Quotient
541511	Custom Computer Programming Services	57	55	(4%)	\$43,377	1.34
541512	Computer Systems Design Services	37	35	(5%)	\$36,163	0.94
454111	Electronic Shopping	29	34	17%	\$24,285	1.15
611420	Computer Training (Private)	<10	<10	--	--	--
541519	Other Computer Related Services	<10	<10	--	--	--
425110	Business to Business Electronic Markets	<10	<10	--	--	--
511210	Software Publishers	<10	<10	--	--	--
541513	Computer Facilities Management Services	<10	0	--	--	--
334111	Electronic Computer Manufacturing	<10	0	--	--	--
423430	Computer and Computer Peripheral Equipment and Software Merchant Wholesalers	<10	0	--	--	--

Source: EMSI Complete Employment 2012.4

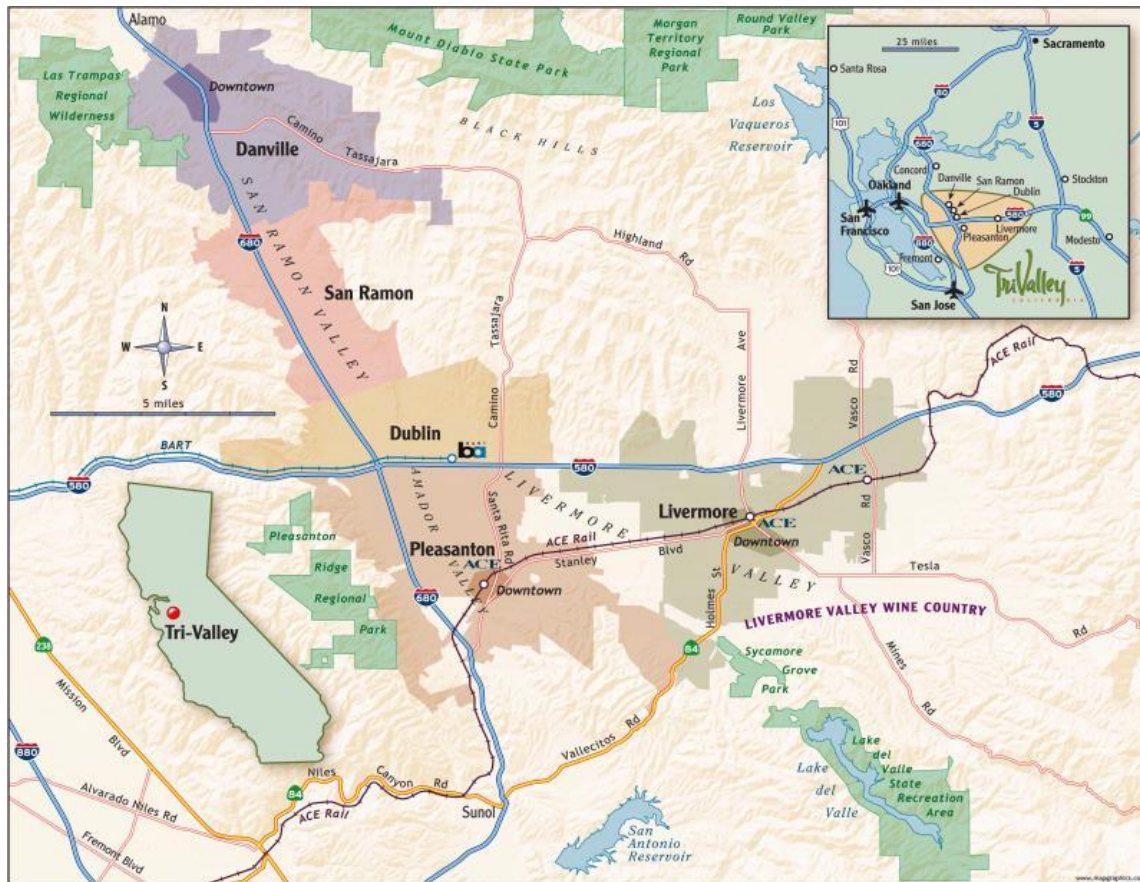


TRI-VALLEY AREA

Overall, Tri-Valley employment is similar to the Town of Danville and while it is still more population-serving than export oriented, management, scientific, and technical consulting services is oversized in Tri-Valley.

Tri-Valley establishments employ a total of 217,721 workers. As with Danville, the workers can be classified by different employment situations, such as whether they work for traditional employers or are self-employed.

Figure 23: Map of the Tri-Valley Region⁴⁵



⁴⁵ Tri-Valley Convention and Visitors Bureau, www.trivalleycvb.com.



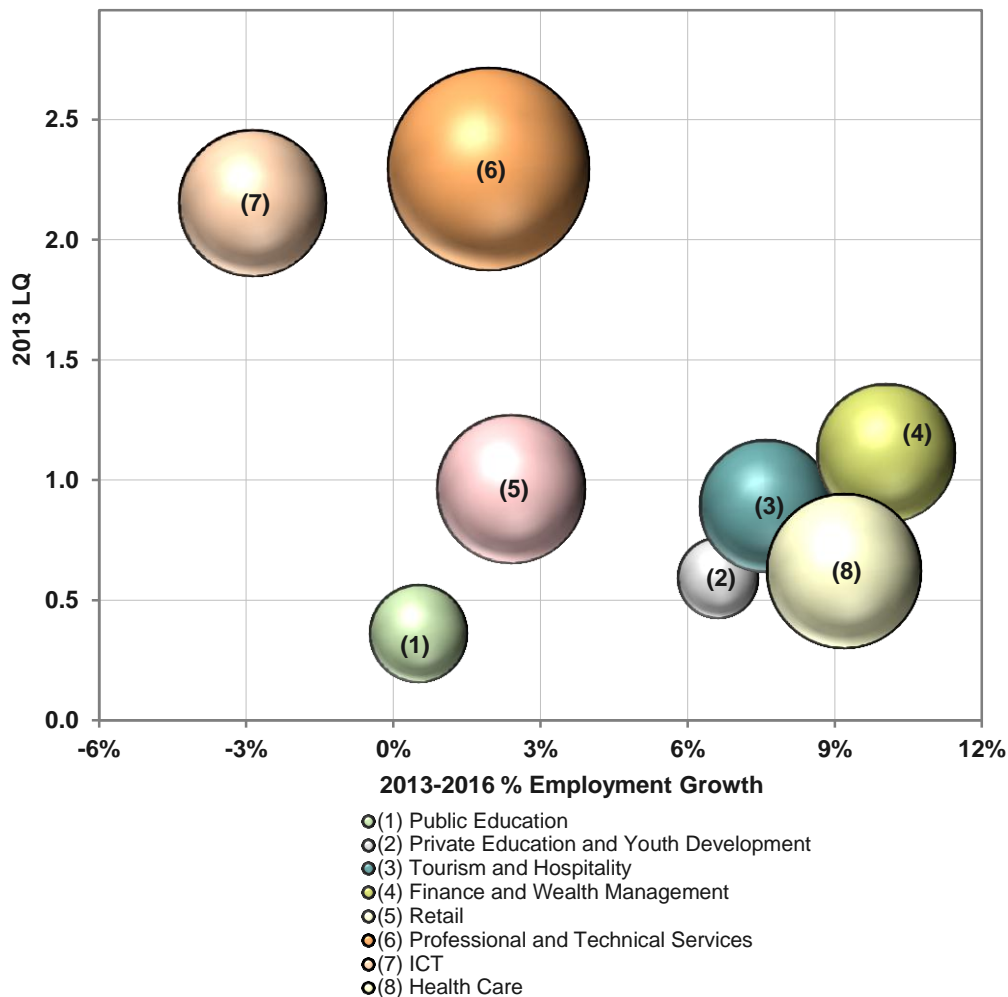
Tri-Valley Industry Profile

Danville industry cluster definitions were applied to the entire Tri-Valley region. The Tri-Valley region's ICT cluster is projected to decline by over 300 jobs (-3%) from 2013 to 2016.

Finance and Wealth Management (+10%), Health Care (+9%), Tourism and Hospitality (+8%), Private Education and Youth Development (+7%), Professional and Technical Services (+2%), Retail (+2%), and Public Education (+1%) industry clusters are expected to grow over the next several years.

The Tri-Valley possesses higher than average concentrations (LQ higher than 1.0) of the following industry clusters; professional and technical services (2.34); ICT (2.20); finance and wealth management (1.16); and retail (1.01) (see Figure 24).

Figure 24: Tri-Valley Industry Clusters by Location Quotient and Growth⁴⁶



⁴⁶ EMSI Complete Employment 2012.4

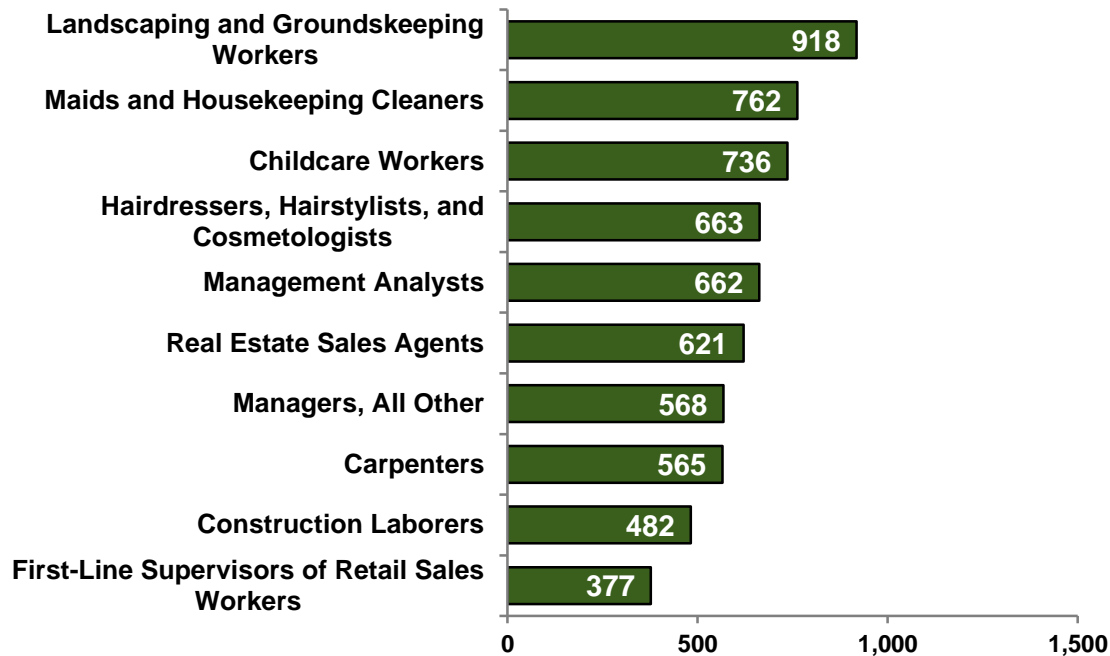


Tri-Valley's Self-Employed Profile

Of the 217,721 workers in the Tri-Valley, 153,635 work for traditional employers (71%), larger than Danville's 63 percent. An additional 18,280 are self-employed and 45,806 have their own side businesses in addition to being employed elsewhere or being mostly retired.

The non-traditional proprietorship category is expected to grow by 6.4 percent over the next five years, (compared to 3.6% in the Town of Danville) and self-employed alone is expected to decline by a smaller 1.1% (compared to a 3.3% decline in Danville). The Tri-Valley economy, with the exception of management, scientific, and technical consulting services, tends to focus on population-serving occupations. This is especially true of the self-employment category.

Figure 25: Jobs in Self-Employment Category⁴⁷



Adding in extended proprietors changes the occupations some, but does not change that they are still predominantly population-serving. Real estate sales agents (6,275 jobs), personal financial advisors (2,558), and managers, all other (2,105 jobs) are at the top of the list.

⁴⁷ EMSI Complete Employment 2012.4



The table below indicates the top 10 industries in the ICT industry cluster umbrella.

Table 9: Industry Jobs and Growth (ICT)

NAICS	Description (Top 10)	2013 Jobs	2018 Jobs	% Change	2012 Avg. Annual Wage	2013 National Location Quotient
541511	Custom Computer Programming Services	854	833	(2%)	\$42,441	2.96
517110	Wired Telecommunications Carriers	848	987	16%	\$13,026	4.97
541512	Computer Systems Design Services	508	485	(5%)	\$36,882	1.86
518210	Data Processing, Hosting, and Related Services	258	265	3%	\$22,871	2.03
454111	Electronic Shopping	208	252	21%	\$23,710	1.20
511210	Software Publishers	196	157	(20%)	\$24,938	3.62
425110	Business to Business Electronic Markets	123	157	28%	\$39,584	6.23
541519	Other Computer Related Services	92	87	(5%)	\$35,746	1.51
323115	Digital Printing	40	48	20%	\$23,214	3.49
423430	Computer and Computer Peripheral Equipment and Software Merchant Wholesalers	34	30	(12%)	\$49,008	4.75

Source: EMSI Complete Employment 2012.4



GREATER EAST BAY

Greater East Bay establishments employ 1,520,300 workers and the area is similar in profile to the Tri-Valley area. It is no more focused on self-employed or proprietors and no less population-serving than Tri-Valley and Danville. The differences in the three areas therefore can be found in sector-specific data focused on exports and innovation.

There are several important export industries (and with particular importance to small business proprietors) in the regions, including clean tech, computer design, biotechnology/life sciences, financial services, and communications. This section addresses three key sectors; ICT; life sciences; and financial services.

The Town of Danville is expected to increase ICT employment by a net 13 jobs, predominantly from telecommunications resellers. The industry is quite small in Danville, so comparisons to other areas are important. Tri-Valley is expected to experience overall declines in the ICT industry, mostly due to a shrinking manufacturing base. The exception to the decline is the software publishers sector, which is expected to grow.

In the Greater East Bay, ICT is expected to grow by about two percent, or 1,200 net jobs through 2018. This growth is despite significant declines in most areas of manufacturing, with the exception of preprinted circuit assembly. Software publishers are expected to grow more slowly than in Tri-Valley, however strong growth is seen in telecommunications resellers, custom computer programming services, and computer design services.

In life sciences, the Town of Danville is again expected to increase by 13 jobs. These are predominantly in research and development in biotechnology.

Tri-Valley is expected to see an expansion of its life sciences industries. In-vitro manufacturing is expected to grow, along with R&D in biotechnology, and other R&D. Testing laboratories are projected to decline and there are no indications of new industries being created in the region.

The same general trends exist in the Greater East Bay; however, most of the drivers appear to be located within the Tri-Valley region.

Financial services is also a growing cluster in the region. In Danville, the sector is expected to add over 400 jobs over the next five years; a nine percent growth rate. Real estate credit, securities, and brokerages are expected to add the most new jobs over the period.

Tri-Valley is expected to grow by nearly the same rate through 2018 (8%), adding about 4,000 new jobs over the period. Much of the growth is in investment advice and portfolio management. Greater East Bay is projected to experience the fastest growth at over 10 percent through 2018, with over 22,000 new jobs added in similar areas as the Tri-Valley.



APPENDIX D: SURVEY METHODOLOGY

Data compiled for this report were drawn from both primary and secondary data sources. The table below provides a brief overview of the methodology utilized for the project.

Table 10: Overview of Project Methodology

Method	Secondary Research of Business Data for Town of Danville Survey of Danville Businesses
Number of Survey Participants	210 Firms in Danville Completed a Web or Telephone Survey
Survey Field Dates	June 5, 2013 – June 28, 2013
Survey Universe	1,903 Firms in the Town of Danville
Survey Margin of Error	The margin of error for questions answered by all 210 respondents was +/-6.38% at the 95% level of confidence.

SECONDARY RESEARCH

For this study, industry clusters were defined using the North American Industry Classification System (NAICS) codes.

All secondary data used in this study were compiled from either InfoUSA or the Economic Modeling Specialists Inc. (EMSI) 2012.4 Complete Employment dataset for the Town of Danville. The EMSI Complete Employment dataset includes state and federal level data sources and include the self-employed (proprietors and partnerships), agricultural workers, and others not captured by basic payroll data.

EMSI current year estimates are partial projections based on the Quarterly Census of Employment and Wages (QCEW) and Current Employment Statistics (CES) provided by the Bureau of Labor Statistics (BLS). Future year projections are based on available historical data for industries and clustered industries.

PRIMARY RESEARCH

A telephone and web survey of 210 Danville businesses was conducted as part of this study.

Survey Design

Through an iterative process, BW Research worked closely with the Town of Danville to develop a survey instrument that met all the research objectives of the study. In developing the survey instrument, BW Research utilized techniques to overcome known biases in survey research and minimize potential sources of measurement error within the survey.



Sampling Method

A database of Danville firms was purchased from InfoUSA. That initial database was then compared with firms and contact information provided by the Town of Danville and the Danville Chamber of Commerce and finally reviewed and refined through duplication and location⁴⁸ checks.

Data Collection

Prior to beginning data collection, BW Research conducted interviewer training and also pre-tested the survey instrument to ensure that all words and questions were easily understood by the respondents. Telephone interviews were generally conducted from 9:00am to 4:30pm Monday through Friday. The data collection period was June 5, 2013 through June 28, 2013.

A web version of the survey was also developed and businesses with an email address within the Town were sent an online invitation. Danville businesses that were called over the telephone and indicated a preference to complete the survey online, were also sent an online invitation to the survey. Danville employers were also mailed a letter, making them aware of the survey and given an online URL to complete the survey on the web, before being called.

A Note about Margin of Error and Analysis of Sub-Groups

The overall margin of error for the survey, at the 95 percent level of confidence, is +/- 6.38 percent for questions answered by all 210 respondents. It is important to note that questions asked of smaller groups of respondents (such as questions that were only asked to firms based off their previous responses) will have a margin of error greater than +/- 6.38 percent, with the exact margin of error dependent on the number of respondents in each sub-group.

⁴⁸ To ensure that Blackhawk-based businesses were not included.



APPENDIX E: SURVEY TOPLINES (n=210)

Screeners Questions

SCREENER A

Are you involved or leading the strategic planning, hiring, or location decisions at your firm?

100.0% Yes [CONTINUE]
0.0% No [TERMINATE]
0.0% Not Sure [TERMINATE]

SCREENER B

How many locations does your company or organization have in the Town of Danville? [IF YES TO LOCATION) How many locations?

<u>Total Locations</u>	<u>Mean</u>	<u>Median</u>
229	1.09	1.00

Breakdown:

94.8% 1 location
3.8% 2 locations
1.4% 3 or more locations

[IF # OF LOCATIONS = 1, ASK SCREENER C]


**SCREENER
C**

Do you work from a home location within Danville? (n=199)

Percentages among the 199 respondents with one business location in the Town of Danville.

27.1% Yes
72.9% No

[PART 1 – PROFILE & GROWTH EXPECTATIONS]

Next, I want to ask a few quick questions about your Danville business location/locations (use location if Screener B=1 location).

Q1

If Screener C = Yes, add: "For the purposes of this survey, the term "location" shall refer to your home location."

How many years has your firm been located within Danville?

The mean and median are calculated from the 206 respondents that provided a specific number of years. Intervals were provided for the 4 respondents that were not able to provide a specific number of years and thereby, the percent breakdown is among all 210 respondents.

<u>Mean</u>	<u>Median</u>
15.13	13.00

Breakdown:

9.0%	2 years or less
16.2%	More than 2 up to 5 years
19.0%	More than 5 up to 10 years
29.5%	More than 10 years up to 20 years
25.7%	More than 20 years
0.5%	(DON'T READ) DK/NA

**Q2**

What were the main reasons your company located in Danville? [CHECK ALL THAT APPLY, - READ OPTIONS IF NEEDED] (Multiple Responses Permitted - Percentages May Sum to More than 100%)

- 48.1% Founders lived here
- 35.7% Quality of life in Danville
- 28.1% Proximity to customers, collaborators, and vendors
- 10.0% Spun-off another company that was already here
- 4.3% Proximity to skilled workers/talent
- 2.9% Space/Real estate was available
- 2.9% Other
- 4.8% (DON'T READ) DK/NA



[Use location instead of locations where applicable throughout survey if Screener B =1 location]

I'd like to ask a few general questions about your employees at your Danville location(s). If your firm has location(s) outside Danville, please do not include their data.

Q3

If Screener C = Yes, add: "For the purposes of this survey, please count yourself as an employee if you are an owner-operated business or sole proprietor."

Thinking about full-time permanent employees, how many full-time permanent employees work at your Danville location(s)?

Total Permanent

Employees

1,117

Mean

5.40

Median

2.00

Breakdown:

81.0%	1 to 5 permanent employees
8.6%	6 to 10 permanent employees
6.2%	11 to 24 permanent employees
2.9%	25 or more permanent employees
1.4%	DK/NA

**Q4**

Thinking about part-time, temporary, or seasonal employees, how many part-time, temporary, and seasonal employees work at your Danville location(s)?

<u>Total Part-time, Temporary or Seasonal Employees</u>	<u>Mean</u>	<u>Median</u>
915	4.44	1.00

Breakdown:

36.7%	No part-time, temporary or seasonal employees
42.4%	1 to 5 part-time, temporary or seasonal employees
9.5%	6 to 10 part-time, temporary or seasonal employees
6.7%	11 to 24 part-time, temporary or seasonal employees
2.9%	25 or more part-time, temporary or seasonal employees
1.9%	DK/NA

(Q3 + Q4 MUST BE GREATER THAN ZERO – IF NEEDED, “Please count yourself as an employee if you are an owner-operated business or sole proprietor”)

Total Employees Total employees (permanent + part-time, temporary or seasonal) at Danville location(s)

The total, mean and median are calculated from the 205 respondents that provided a specific number for both permanent and part-time, temporary or seasonal employees. The percent breakdown is among all 210 respondents.

<u>Total Employees</u>	<u>Mean</u>	<u>Median</u>
2,003	9.77	4.00

Breakdown:

63.3%	1 to 5 total employees
14.3%	6 to 10 total employees
14.3%	11 to 24 total employees
5.7%	25 or more total employees
2.4%	DK/NA

**Q5**

If you currently have [TAKE Q3 # +Q4#] full-time and part-time permanent and temporary employees at your location(s), how many more or how many fewer employees do you expect to have at your Danville location(s) 12 months from now?

Breakdown:

18.6% More
 1.9% Fewer
 75.2% Same number of employees
 4.3% DK/NA

Expected Employment in 12 months

(Calculated by only examining businesses with both current and projected data)

	<u>Current</u>	<u>12 months</u>
n	198	198
Mean	9.95	10.30
Median	4.00	4.00
Total Employees	1,971	2,039
Change		68
% Growth		3.5%

[If amount differs by 10% or more in either direction, ask: Just to confirm, you currently have ____ employees and you expect to have ____ (more/less) employees, for a total of ____ employees 12 months from now.]

**[PART 2 – Business Climate Assessment]****Q6**

Now, I would like to ask you about the general business climate in the Town of Danville.

Overall how would you rate the Town of Danville as a place to do business?

34.8%	Excellent
49.0%	Good
10.5%	Fair
1.4%	Poor
0.5%	Very poor
3.8%	(DON'T READ) DK/NA



Q7

In your opinion, what is the number one thing that the Town of Danville could do to improve the business climate in the Town or help you better serve your customers? (DO NOT READ – ALLOW UP TO TWO RESPONSES) (Multiple Responses Permitted - Percentages May Sum to More than 100%)

- 21.9% Nothing needs improvement
- 13.8% Expand parking
- 12.9% Provide more services to local businesses (small business help, marketing, networking, etc.)
- 10.5% Increase signage opportunities near your business
- 3.8% Better communication with local business
- 3.3% Change or update zoning regulations
- 1.9% Improve traffic congestion
- 1.9% Improve the quality of the roads and other infrastructure
- 1.0% Improve, re-develop the Downtown
- 0.5% Improve schools
- 0.5% Build more commercial/industrial office space
- 9.0% Other – *No single category over 2%*
- 22.9% (DON'T READ) DK/NA

**Q8**

Can you identify any local rules, regulations, or requirements that you would like to see changed to help your business? If yes, what are they? (ALLOW UP TO TWO RESPONSES) (Multiple Responses Permitted - Percentages May Sum to More than 100%) (n=95)

Percentages among the 95 respondents that completed the web version of the survey.

- | | |
|-------|--|
| 51.6% | No, I cannot think of any local rules, regulations, or requirements that I would like to see changed |
| 31.6% | Yes |
| 16.8% | Don't know/ Refused |



Next I would like to ask specifically about local government and the Town of Danville.

Q9 Please tell me how satisfied your company is with the following issues and attributes regarding Danville's business climate.

Is your company satisfied, dissatisfied, or neither satisfied nor dissatisfied with Danville's: _____? (GET ANSWER AND THEN ASK:) Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?

RANDOMIZE						
	<u>Very satisfied</u>	<u>Somewhat satisfied</u>	<u>Neither sat nor dissat</u>	<u>Somewhat dissat</u>	<u>Very dissat</u>	(DON'T READ) DK/NA
A. Quality of life	73.8%	17.6%	4.3%	1.0%	1.9%	1.4%
B. Organizations to support economic development and entrepreneurship	26.7%	21.4%	33.8%	5.7%	4.8%	7.6%
C. Access to clients and customers	44.3%	27.6%	20.5%	3.3%	1.9%	2.4%
D. Ability to recruit high skill talent	21.4%	23.3%	37.1%	4.8%	2.9%	10.5%
E. Ability to find qualified entry to mid-level employees	18.6%	27.6%	31.4%	7.1%	6.7%	8.6%
F. Access to relevant vendors and suppliers	39.0%	20.5%	28.6%	2.9%	2.4%	6.7%
G. Ability to network or interact with other high-level decision-makers in the region's business community	35.2%	24.3%	26.2%	5.7%	2.4%	6.2%
H. Ability to find appropriate commercial or industrial office space	13.3%	21.9%	41.4%	7.1%	4.3%	11.9%
I. Regulatory climate, including zoning, permitting, local regulations and related issues	16.2%	29.5%	23.8%	15.2%	8.6%	6.7%

**Q10**

[For each "Somewhat Dissatisfied" or "Very Dissatisfied" response in Q9, ask:] What is your specific issue of concern in this area, and how would you suggest that it be addressed? (n=95)

Verbatim responses to be provided

Q11

Thinking about the people you hire in Danville, how much difficulty does your company have finding qualified professional and technically skilled applicants who meet the organization's hiring standards?

- 32.9% Little to no difficulty
- 28.1% Some difficulty
- 13.8% Great difficulty
- 18.1% Haven't hired people from Danville
- 7.1% (DON'T READ) DK/NA

Q12

Where do you typically get information about the local business environment? (n=95)

Percentages among the 95 respondents that completed the web version of the survey.

- 54.7% Danville Chamber of Commerce
- 34.7% Contra Costa Times
- 30.5% Town of Danville website(s)
- 28.4% Danville Express
- 24.2% Discover Danville Association
- 7.4% Word of mouth
- 4.2% The Patch
- 3.2% Other
- 12.6% Don't know/ Refused

**Q13**

Are you a member of any local or regional business or industry associations and if yes, which ones?

- 47.1% No, not a member of any local associations
- 38.6% Danville Chamber of Commerce
- 13.3% Discover Danville Association
- 16.2% Other – *Verbatim responses to be provided*
- 2.4% (DON'T READ) DK/NA

Q14

Have you received information from the Town of Danville's Economic Development Department?

- 26.7% Yes
- 52.4% No
- 21.0% (DON'T READ) DK/NA

[IF Q14=Yes ASK Q15 OTHERWISE SKIP]

**Q15**

Overall, was your firm satisfied or dissatisfied with the information you have received from the Town of Danville on their economic development services and those programs related to supporting Danville's businesses? (GET ANSWER, THEN ASK:) Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)? (n=56)

Percentages among the 56 respondents that have received information from the Town of Danville's Economic Development Department.

33.9%	Very satisfied
50.0%	Somewhat satisfied
3.6%	Somewhat dissatisfied
3.6%	Very dissatisfied
8.9%	(DON'T READ) DK/NA

[IF Q14=2 or 3 ASK Q16 OTHERWISE SKIP]

Q16

Would you like to receive information on economic development and business services from the Town of Danville, such as free or low-cost business programs, workshops, and networking events? (n=154)

Percentages among the 154 respondents that have not or don't know whether they have received information from the Town of Danville's Economic Development Department.

42.2%	Yes
20.8%	Possibly
35.7%	No
1.3%	(DON'T READ) DK/NA

[IF Q14=1 or Q16=1 ASK Q17 OTHERWISE SKIP]

**Q17**

How would you prefer to receive information on economic development and business services from the Town of Danville, such as free or low-cost business programs, workshops, and networking events? (n=121)

Percentages among the 121 respondents that have received or would like to receive information from the Town of Danville's Economic Development Department.

- 65.3% Email
- 31.4% Regular mail
- 0.8% Social media such as Twitter or Facebook
- 0.8% Other
- 1.7% (DON'T READ) DK/NA

[PART 3 – CUSTOMER AND SUPPLIER PROFILE]

Q18

Before we finish I would like to ask about the key industries, technologies, and customers that drive your business.

Is your firm primarily focused on serving other businesses, primarily focused on serving consumers directly, or a combination of both businesses and consumers?

- 60.0% Primarily consumers directly
- 23.3% A combination of both businesses and consumers
- 15.7% Primarily businesses
- 1.0% (DON'T READ) DK/NA

**Q19**

Are your customers primarily local - within Danville & the Tri-Valley, regional - within the Bay Area, Statewide – within California, national – within the country, or international - outside the country? [ALLOW MULTIPLE RESPONSES] (Multiple Responses Permitted - Percentages May Sum to More than 100%)

60.5%	Local
34.8%	Regional
17.6%	Statewide
16.2%	National
7.6%	International
0.0%	(DON'T READ) DK/NA

Q20

Are your suppliers and vendors primarily local - within Danville & the Tri-Valley, regional - within the Bay Area, Statewide – within California, national – within the country, or international - outside the country? [ALLOW MULTIPLE RESPONSES] (Multiple Responses Permitted - Percentages May Sum to More than 100%)

28.1%	Local
34.8%	Regional
22.4%	Statewide
34.8%	National
8.6%	International
4.3%	Do Not have Suppliers or Vendors
0.0%	(DON'T READ) DK/NA

To wrap things up, I just have some background questions for statistical purposes only.

**QA** Gender

56.2% Male
43.8% Female

QB In what year were you born? 19__

1.9% 18 to 29 years old
8.6% 30 to 39 years old
16.2% 40 to 49 years old
45.7% 50 to 64 years old
20.0% 65 years or older
7.6% Refused

QC Do you consider your business, a home-based business?

23.3% Yes
74.8% No
1.9% (DON'T READ) DK/NA



QD Do you or anyone from your business regularly work from home?

32.9% Yes
65.7% No
1.4% (DON'T READ) DK/NA

QE What city or town do you reside in?

52.9% Danville
9.5% Alamo
7.6% San Ramon
4.3% Walnut Creek
3.8% Concord
3.3% Dublin
3.3% Pleasant Hill
1.4% Pleasanton
0.5% Oakland
11.9% Other – *No single category over 2%*
1.4% (DON'T READ) DK/NA

**QF**

Are you interested in receiving a copy of the economic development study being done for Danville?

66.7% Yes
32.4% No
1.0% (DON'T READ) DK/NA

QG

Lastly, do we have your permission to provide your contact information to the Town of Danville, so that they may follow up on any issues or requests brought up during this survey?

64.8% Yes
31.9% No
3.3% (DON'T READ) DK/NA

Those are all of the questions I have for you.
Thank you very much for participating!